

**CITY OF GRETNA, LOUISIANA  
FINANCIAL REPORT  
FOR THE YEAR ENDED MARCH 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4 / 27 / 11

**Camnetar & Co., CPAs**  
a professional accounting corporation

**CITY OF GRETN, LOUISIANA  
FINANCIAL REPORT  
FOR THE YEAR ENDED MARCH 31, 2010**

**CITY OF GRETN, LOUISIANA**  
**Basic Financial Statements**  
**Year Ended March 31, 2010**  
**With Supplemental Information Schedules**  
**Table of Contents**

	<u><b>Statement</b></u>	<u><b>Exhibit</b></u>	<u><b>Page</b></u>
Independent Auditor's Report			1-2
Required Supplemental Information (Part I) Management's Discussion and Analysis			3-14
Basic Financial Statements			
Government-Wide Financial Statements			
Statement of Net Assets	1		15
Statement of Activities	2		16
Fund Financial Statements			
Governmental Funds:			
Balance Sheet	3		17
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Financial Statement of Net Assets	3-a		18
Statement of Revenues, Expenditures, and Changes in Fund Balances	4		19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	4-a		20
Proprietary Funds:			
Statement of Net Assets	5		21
Statement of Revenues, Expenses and Changes in Fund Net Assets	6		22
Statement of Cash Flows	7		23
Notes to the Financial Statements			24-49
Required Supplemental Information (Part II)			
Budgetary Comparison Schedules		1 - 6	50-60

**CITY OF GRETNA, LOUISIANA**  
**Basic Financial Statements**  
**Year Ended March 31, 2010**  
**With Supplemental Information Schedules**  
**Table of Contents (Continued)**

	<u><b>Schedule</b></u>	<u><b>Page</b></u>
Other Supplemental Information		
Non-Major Governmental Funds:		
Combining Balance Sheet	1	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	2	62
Schedule of Compensation of Paid Elected Officials	3	63
Schedule of Expenditure of Federal Award		64
Notes to Schedule of Federal Financial Assistance		65
Other Independent Auditor's Reports and Findings and Recommendations		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>		66-67
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		68-69
Findings and Recommendations		70-73
Schedule of Prior Audit Findings		74
Corrective Action Plan for Current Year Audit Findings		75-76

**Camnetar & Co., CPAs**  
a professional accounting corporation  
2550 Belle Chasse Highway, Suite 170, Gretna, LA 70053  
504.362.2544 (Fax) 504.362.2663

Edward L. Camnetar, Jr., CPA  
E. Faye Harris, CPA, MST  
Orfelinda G. Richard, CPA

Members: American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

**Honorable Mayor and Members of the City Council  
City of Gretna, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gretna, Louisiana, as of and for the year ended March 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Gretna, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gretna, Louisiana, as of March 31, 2010, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2011, on our consideration of the City of Gretna, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 14 and the budgetary comparison information on pages 50 through 60 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

## *Camnetar & Co., CPAs*

a professional accounting corporation

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the City of Gretna, Louisiana basic financial statements. The accompanying supplemental information listed in the table of contents under Supplemental Information presented on pages 61 through 63 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Gretna, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Camnetar & Co.*

*Camnetar & Co., CPAs*

a professional accounting corporation

Gretna, Louisiana

January 27, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

As management of the City of Gretna, Louisiana ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2010. The purpose of this management discussion and analysis ("MD&A") is to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of City finances. It is also intended to provide readers with an analysis of *short-term and long-term* activities of the City based on information presented in the financial report and fiscal policies that have been adopted by the City. This section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained with this MD&A should be considered only a part of this financial report. The readers of these statements should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements consist of the following components:

- Government-wide financial statements,
- Fund financial statements,
- Notes to the financial statements, and
- Other supplementary information, which is in addition to the basic financial statements themselves.

## **Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It provides readers a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business.

- A. The *statement of net assets* presents information on all of the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or weakening.



**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

**Government-Wide Financial Statements (Continued)**

- B. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the City into:

*Governmental Activities* that are principally supported by taxes and intergovernmental revenues, and

*Business-Type Activities* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The following is the City's government wide financial information for the current and prior years in condensed form. Further details regarding these statements may be found on pages 15 and 16 of this financial report.

**CITY OF GRETNA'S CONDENSED STATEMENT OF NET ASSETS**  
**March 31, 2010 and 2009**

	<b>Governmental Activities 2010</b>	<b>Business-type Activities 2010</b>	<b>Total 2010</b>	<b>Governmental Activities 2009</b>	<b>Business-type Activities 2009</b>	<b>Total 2009</b>
Current and other assets	\$ 25,693,685	\$ 929,432	\$ 26,623,117	\$ 20,579,045	\$ 830,036	\$ 21,409,081
Capital assets	31,506,266	20,806,702	52,312,968	28,748,198	20,461,993	49,210,191
Total assets	57,199,951	21,736,134	78,936,085	49,327,243	21,292,029	70,619,272
Long term liabilities	16,922,643	2,214,685	1,618,640	12,173,993	2,250,237	1,459,543
Other liabilities	3,405,581	6,054,837	9,460,418	2,442,226	4,797,169	7,239,395
Total liabilities	20,328,224	8,269,522	28,597,746	14,616,219	7,047,406	21,663,625
Invested in capital assets, net of related debt	30,595,192	16,544,576	47,139,768	27,837,124	16,544,576	44,381,700
Restricted	9,641,647	23,984	9,665,631	8,459,030	23,984	4,593,216
Unrestricted	(3,365,112)	(3,101,948)	(6,467,060)	(1,585,130)	(2,323,937)	(3,909,067)
Total net assets	\$ 36,871,727	\$ 13,466,612	\$ 50,338,339	\$ 34,711,024	\$ 14,244,623	\$ 48,955,647

**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

**CITY OF GRETNA'S CONDENSED STATEMENT OF ACTIVITIES**  
**AND CHANGES IN NET ASSETS**  
**March 31, 2010 and 2009**

	<b>Governmental Activities 2010</b>	<b>Business-type Activities 2010</b>	<b>Total 2010</b>	<b>Governmental Activities 2009</b>	<b>Business-type Activities 2009</b>	<b>Total 2009</b>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 2,545,424	\$ 3,201,189	\$ 5,746,613	\$ 2,443,844	\$ 3,030,409	\$ 5,474,252
Operating grants, contributions and transfers in	1,387,879	713,208	2,101,087	2,025,373	30,167	2,055,540
Capital grants and contributions	1,625,277	-	1,625,277	1,334,725	-	1,334,725
General revenues:						
Ad valorem taxes	5,166,613	480,600	5,647,213	4,612,740	415,025	5,027,765
Franchise taxes	770,048	-	770,048	928,886	-	928,886
Sales taxes	6,413,552	-	6,413,552	7,049,215	-	7,049,215
Occupational licenses	398,205	-	398,205	373,740	-	373,740
Intergovernmental revenues	5,616,507	-	5,616,507	6,426,348	-	6,426,348
Fines and forfeitures	3,551,533	-	3,551,533	1,781,515	-	1,781,515
Investment earnings	25,069	703	25,772	224,896	9,257	234,153
Gain (loss) on sale/retirement of fixed assets	706,477	-	706,477	-	-	-
Miscellaneous	2,690,837	100,447	2,791,284	664,796	125,498	790,294
<b>Total revenues</b>	<b>30,897,421</b>	<b>4,496,147</b>	<b>35,393,568</b>	<b>27,866,077</b>	<b>3,610,357</b>	<b>31,476,434</b>
<b>Expenses and transfers out:</b>						
General government and administration	3,641,524	-	3,641,524	3,001,460	-	3,001,460
Public safety	15,418,423	-	15,418,423	14,984,231	-	14,984,231
Public works	7,451,392	-	7,451,392	6,619,077	-	6,619,077
Culture and recreation	1,004,906	-	1,004,906	853,756	-	853,756
Cemetery	61,490	-	61,490	51,931	-	51,931
Interest on long term debt	445,775	30,184	475,959	382,764	69,522	452,286
Transfers out	713,208	-	713,208	30,167	-	30,167
Water and sewer	-	5,243,975	5,243,975	-	4,778,259	4,778,259
	<b>28,736,718</b>	<b>5,274,159</b>	<b>34,010,877</b>	<b>25,923,386</b>	<b>4,847,781</b>	<b>30,771,167</b>
<b>Increases in net assets</b>	<b>2,160,703</b>	<b>(778,012)</b>	<b>1,382,691</b>	<b>1,942,692</b>	<b>(1,237,424)</b>	<b>705,267</b>
Net assets - beginning of the year - originally stated	34,711,024	14,244,624	48,955,648	32,768,332	15,482,048	48,250,380
Prior period adjustment	-	-	-	-	-	-
Net assets - beginning of the year - restated	34,711,024	14,244,624	48,955,648	32,768,332	15,482,048	48,250,380
<b>Net assets - end of the year</b>	<b>\$ 36,871,727</b>	<b>\$ 13,466,612</b>	<b>\$ 50,338,339</b>	<b>\$ 34,711,024</b>	<b>\$ 14,244,623</b>	<b>\$ 48,955,647</b>

**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

## **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$50,338,339 (*net assets*). The City's net assets are comprised of \$36,871,727 from Governmental Activities and \$13,466,612 from Business-Type Activities as shown on page 15. The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery & equipment, vehicles, and City infrastructure, acquired since April 1, 2003), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

## **Governmental Activities**

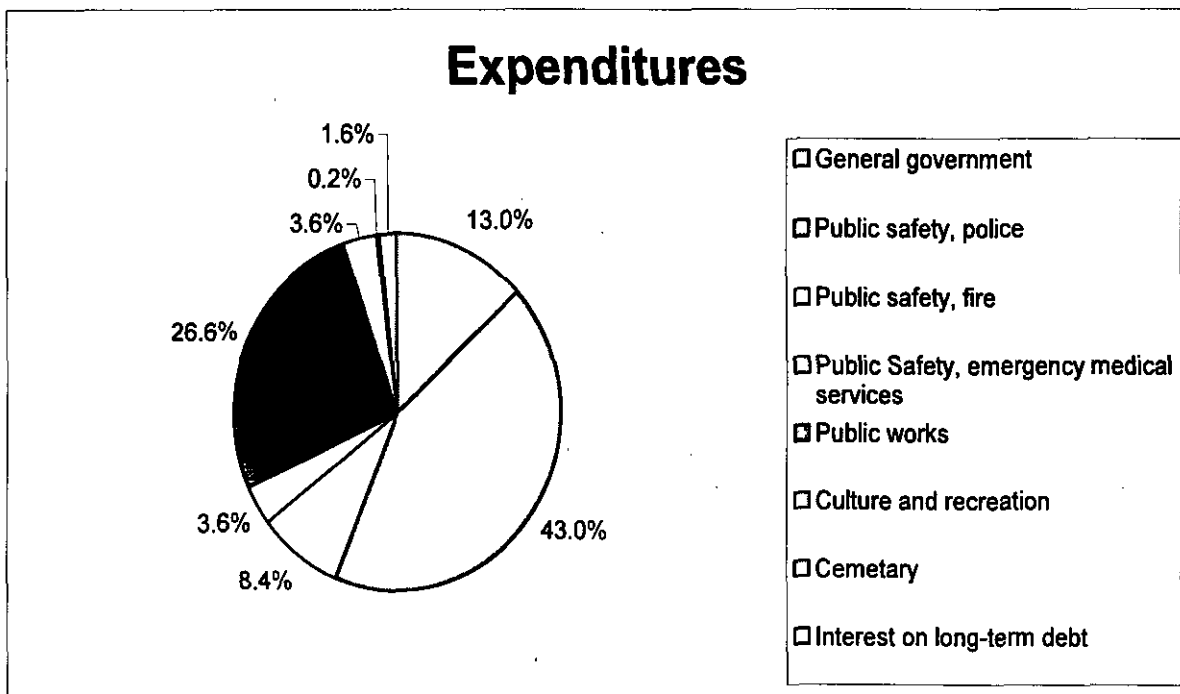
The Governmental Activities of the City include General Government, Public Safety, Public Works, Cemetery, Culture and Recreation, and Miscellaneous Programs. Sales taxes, ad valorem taxes, franchise taxes, and intergovernmental revenues as well as occupational licenses and fines fund most of these governmental activities.

Here we show the City's expenditures related to those functions typically associated with governments. In the chart below, General Government includes the following departments: Legislative (City Council,) Executive, Financial, Tax Collection and other General Administration. Public Safety encompasses the Police, Fire, and Emergency Medical Services. Public Works is made up of the Street and Drainage Departments, Capital Projects and contractual service for solid waste pickup and disposal. Culture & Recreation contain the cost of operating the City's parks as well as the Office of Tourism and Social Services for the Aged.

**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

**Governmental Activities Expenditures**

	<u>Amount</u>	<u>Percentage</u>
General government	\$ 3,641,524	12.99%
Public safety, police	12,056,862	43.02%
Public safety, fire	2,354,522	8.40%
Public Safety, emergency medical services	1,007,039	3.59%
Public works	7,451,392	26.59%
Culture and recreation	1,004,906	3.59%
Cemetary	61,490	0.22%
Interest on long-term debt	445,775	1.59%
	<u>\$ 28,023,510</u>	<u>100%</u>



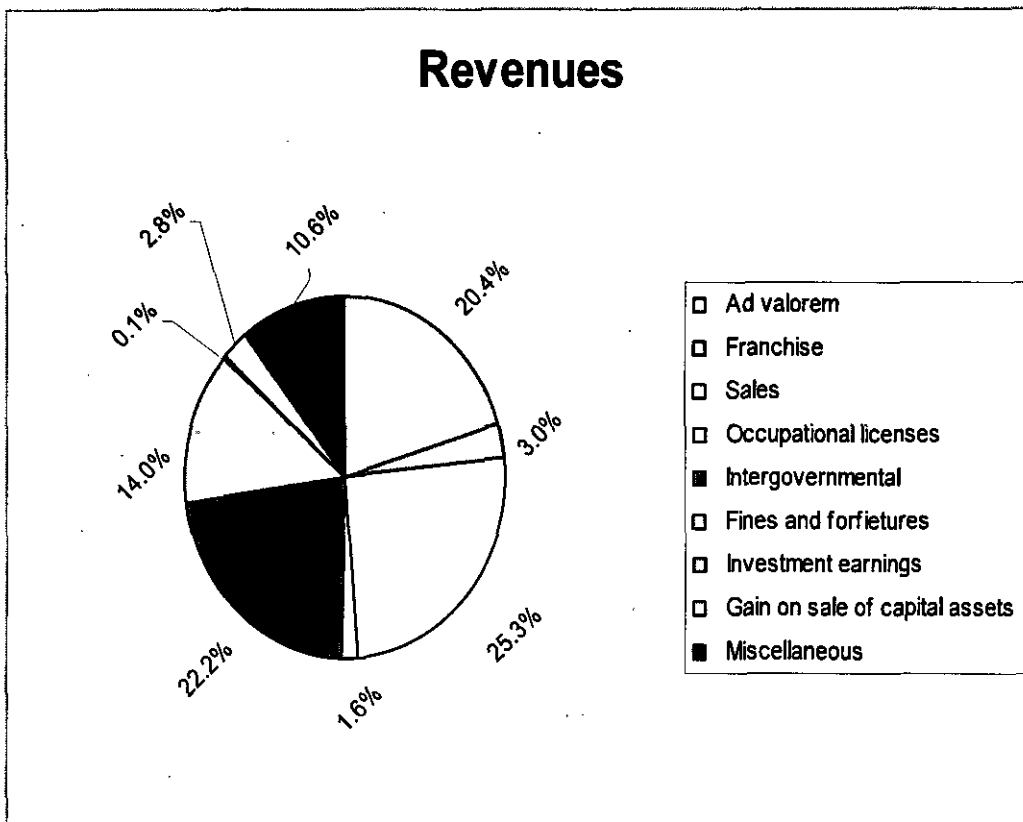
**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

**General Revenues and Program Revenues**

General revenues and program revenues are those available for the City to use to pay for the governmental activities described above. The following chart shows the City's general revenues.

**General Revenues**

	Amount	Percentage
Taxes:		
Ad valorem	\$ 5,166,613	20.39%
Franchise	770,048	3.04%
Sales	6,413,552	25.31%
Occupational licenses	398,205	1.57%
Intergovernmental	5,616,507	22.17%
Fines and forfeitures	3,551,533	14.02%
Investment earnings	25,069	0.10%
Gain on sale of capital assets	706,477	2.79%
Miscellaneous	<u>2,690,837</u>	<u>10.62%</u>
	<u>\$ 25,338,841</u>	<u>100.00%</u>



**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

**Sales Taxes**

Sales taxes are the largest recurring revenue source for the City comprising 25.31 % of total governmental revenue (see pie chart).

**Property Taxes**

Property taxes are the second largest recurring revenue source for the City comprising 20.39% of governmental revenue. For the year ended March 31, 2010, taxes of 43.98 mills were levied on property inside of the City limits.

The following are details of the City's various millages.

		Date	Expiration	Taxes
Property Tax	Millage	Enacted	Date	Levied
General Alimony	4.32	*	*	\$ 582,664
Ambulance	2.21	October 3, 1998	July 21, 2012	\$ 293,077
Ambulance	3.59	July 19, 2003	July 19, 2012	\$ 476,085
Fire Protection	1.31	October 20, 2001	October 20, 2011	\$ 154,362
Fire Protection	3.42	July 15, 2006	July 15, 2016	\$ 402,992
Fire Protection	2.73	October 20, 2001	October 20, 2011	\$ 321,687
Fire Protection	7.06	July 18, 1998	July 18, 2017	\$ 831,908
Police Protection	5.76	October 20, 2001	October 20, 2011	\$ 776,885
Police Protection	3.29	July 19, 2003	July 19, 2012	\$ 443,742
Recreation	1.86	May 4, 2002	May 4, 2012	\$ 246,662
Recreation	1.64	October 20, 2001	October 7, 2011	\$ 217,487
Services to the Aged	0.42	October 20, 2001	October 20, 2011	\$ 55,699
Sewer Maintenance	1.65	July 16, 2005	July 16, 2015	\$ 218,455
Sewer Maintenance	1.98	October 7, 2000	October 7, 2019	\$ 262,145
Street Light Maintenance	2.74	July 16, 2005	July 16, 2015	\$ 363,363
	<u>43.98</u>			<u>\$ 5,647,213</u>

\* The General Alimony millage was enacted by the state legislature and as such has no expiration date.

**Business-Type Activities**

The Business-Type Activities of the City are those that the City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water and sewer departments are reported here.

**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: Governmental funds and proprietary funds.

### **Governmental Funds**

Governmental funds are used to account for most of the City's basic services reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on pages 18 and 20.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Protection Fund, Riverboat Casino Fund, Capital Projects Fund, and the Sales Tax Fund, all of which are considered to be major funds. Data from the other governmental funds (Garbage Fund, Parks and Recreation Fund, Social Services For The Aged Fund, Street Lights Fund, Tourism Fund, Ambulance Fund, Home Incarceration Fund, Court Security Fund, and Court Security Fund 2<sup>nd</sup>) are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

### **Financial Analysis of the Governmental Funds**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,731,381 of which \$9,641,647 is reserved and \$13,089,734 is unreserved. The unreserved fund balance in the General Fund is \$1,308,196.

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Supplemental Information portion of this report, beginning on page 61.

**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

## **Proprietary Funds**

Proprietary funds or Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

## **Notes to financial statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 49 of this report.

## **Other Supplementary Information**

Combining statements of the Non-major Governmental Funds have been provided on pages 61 and 62.

## **Budgetary Highlights Major Funds**

In accordance with the provisions of the Lawrason Act, the City Administration submits the annual budget for the City by the end of the prior year. The budget is adopted by Councilmanic action.

Over the course of the year, the City Council revises the City's budget numerous times. These amendments are based on changing needs and additional information to prevent budget overruns and better meet the needs of the City.

Even with the budget adjustments, the General Fund and Capital Projects Fund experienced significant budget variances.

**General Fund Revenue** – The budget for general fund revenue was increased by \$3,455,151 during the period. Key components of this increase were an increase in budgeted fines and forfeitures of \$528,350, State and Federal grants of \$1,043,118 and proceeds from insurance settlements of \$1,675,000.

Actual revenues exceeded budgeted revenues by \$781,596 or 4.5%.

**General Fund Expenditures** – The budget for general fund expenditures were increased by \$3,194,646 during the period. Key components of this increase were an increase in the Public Safety budget of \$1,623,234 and increases in the budget for General Government of \$636,635, Public Works of \$649,464 and Capital Outlay of \$359,313.

Actual expenditures were less than budgeted expenditures by \$148,809 or .9%.

**Capital Projects Fund Revenues** – The budget for Capital Projects Fund Revenue was increased by \$1,712,441. Key components of this increase were revenues from State Grants in the amount of \$1,203,941 and Federal Grants of \$495,000.



**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

Actual revenues fell short of budgeted revenues by \$68,127 or 3.9%.

Capital Projects Fund Expenditures – The budget for Capital Projects Fund Expenditures was increased by \$1,089,042. The increase in budgeted expenditures involves movement of uncompleted projects from the prior to the current period and from the current period to the subsequent period.

Actual expenditures were less than budgeted expenditures by \$477,155 or 8.9%.

Capital Projects Fund Other Funding Sources – The budget for Capital Project Funds Other Funding Sources was increased by \$4,790,984. Key components of this increase were proceeds from the Sale of Bonds in the amount of \$4,569,192 and proceeds from the sale of City owned property in the amount of \$665,000.

The City's other major funds did not experience significant budget changes or variances.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of March 31, 2010 amounts to \$52,312,968 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, etc. and infrastructure assets.

Additional information on the City's capital assets can be found in Note C3 on pages 36 through 38 of this financial report.

### **Long-Term Debt**

The City's long-term debt structure is as follows:

Governmental Activity

Bonded Debt	\$ 13,590,000
EPA Brownsfield Loan	488,500
Community Disaster Loan	2,000,000
Compensated Absences	<u>1,419,774</u>
	\$ 17,498,274

Business Type Activity

Water Fund Participation Notes	\$ 849,802
Sewer Fund Participation Notes	<u>1,306,385</u>
	\$ 2,156,187
	\$ 19,654,461

**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

Total long-term debt for the year ended March 31, 2010 is \$19,654,461. Long-term debt increased by \$4,495,364 during this fiscal year.

The 2009B bond debt was incurred for Public Improvement Projects. There were no significant expenditures incurred in the current fiscal year. The projects were scheduled to begin in fiscal year 2011.

## **Economic Factors and Next Year's Budget and Rates**

### **Economic Factors**

In the fiscal year ended 2010, the City's sales tax revenue continued to slide downward, a \$434,769 decrease from the fiscal year ended 2009. However the current sales tax receipts for Fiscal 2011 have improved are back up to the 2009 levels.

The City of Gretna has worked with a local developer and the State of Louisiana Department of Transportation and Development on a project to relocate the state highway right of way and to close Franklin Street. A cooperative endeavor agreement has stipulated that the property will be sold to the developer which will allow the Westside Shopping Center to expand its retail space. This will result in more tenants with higher property and sales tax collections in the future.

At the conclusion of fiscal year 2010, the City had completed the cleanup of the former Malter property an environmental Brownfield site. It is the intent of the City to return this property to commerce which will result in an increase in property tax collections, insure the continuation of manufacturing employment, and allow for future expansion of facilities for this company.

The cooperation of the City's State Legislative Delegation resulted in the state funding of a city-owned facility that will house a non-profit organization which provides training to developmentally disabled individuals of our Westbank metro community. Plans and specifications for a \$3 million facility were developed with construction anticipated to be completed in December 2010.

For the future, the City of Gretna's top priority capital needs are:

The replacement of the Belle Chasse/Gretna Blvd. Water Tower is estimated to cost \$1.7 million which will be funded by the City, insurance proceeds, FEMA reimbursements and State Capital Outlay Funds. Construction is anticipated in fiscal year 2011-2012.

The renovation of the Wastewater treatment plant will require the replacement of the Primary and Secondary Sewer Clarifiers, Odor Control and Biofiltration Trickling Filters. This project is to be phased in construction and estimated to cost over \$7 million. The first phase of replacing the Primary and Secondary Clarifier will be funded through bonds dedicated for Wastewater Treatment Improvements. It is anticipated that the improvements to the sewer plant will access a low .95% interest loan provided by the Louisiana Department of Environmental Quality. This loan program will result in a greater long term savings in interest payments to the Gretna taxpayer.

Additionally, private market bonds were sold for the construction of a multi-purpose recreational gymnasium facility located at Mel Ott Park. Plans and specifications were developed in 2010 with the anticipated construction in 2011.

The City of Gretna increased its water and sewer rates for the first time since 2004 in June 2010. The increases will be used for annual operating expenditures of water and sewer operations which previously were not generating enough

**City of Gretna, Louisiana**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**March 31, 2010**

revenue to support operational expenditures. In previous years, an annual subsidy was required and was draining the General Fund of its operating capital. Additionally, the increased revenue will allow improvements to aging infrastructure and allow for betterments such as the installation of digital water meters and replacing worn out equipment and vehicles. Also, the increase in both funds will allow the repayment of the subsidies of the General Fund that occurred in previous years and is based on a 20 year payback.

## **Next Year Budgets and Rates**

### **Budgets**

The City's budget for the fiscal year April 1, 2010 to March 31, 2011 was introduced in open session on April 7, 2010 and was adopted May 12, 2010. The Total City Budget anticipates revenues of \$38,172,158 and expenditures of \$37,484,098.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be address to Karen Craig, CPA, Finance Director, P. O. Box 404, Gretna, Louisiana 70054-0404.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF GRETN, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**March 31, 2010**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,126,283	\$ 181,761	\$ 4,308,044
Investments	3,667,145	1,331	3,668,476
Receivables, net	1,394,539	508,935	1,903,474
Due from other funds	5,354,541	-	5,354,541
Due from other governments	1,994,896	-	1,994,896
Restricted cash	6,950,455	17,263	6,967,718
Restricted investments	1,759,103	220,142	1,979,245
Unamortized bond cost	446,723	-	446,723
Capital assets (net)	<u>31,506,266</u>	<u>20,806,702</u>	<u>52,312,968</u>
Total assets	57,199,951	21,736,134	78,936,085
<b>LIABILITIES</b>			
Accounts payable	2,194,174	103,956	2,298,130
Current portion of long-term obligations	500,000	216,000	716,000
Accrued liabilities	613,104	51,336	664,440
Due to other funds	-	5,354,541	5,354,541
Customer deposits	-	329,004	329,004
Deferred revenue	98,303	-	98,303
Non-current portion of accrued liabilities	1,029,774	274,497	1,304,271
Non-current portion of post employment benefit obligation	314,369	-	314,369
Non-current portion of long-term obligations	<u>15,578,500</u>	<u>1,940,188</u>	<u>17,518,688</u>
Total liabilities	<u>20,328,224</u>	<u>8,269,522</u>	<u>28,597,746</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	30,595,192	16,544,576	47,139,768
Debt related to restricted net assets	-	-	-
Restricted for:			
Capital projects	374,158	23,984	398,142
Debt service	4,012,316	-	4,012,316
Other purposes	5,255,173	-	5,255,173
Unrestricted	<u>(3,365,112)</u>	<u>(3,101,948)</u>	<u>(6,467,060)</u>
Total net assets	<u>\$ 36,871,727</u>	<u>\$ 13,466,612</u>	<u>\$ 50,338,339</u>

**CITY OF GRETN, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended March 31, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 3,641,524	\$ 855,034	\$ -	\$ -	\$ (2,786,490)	\$ -	\$ (2,786,490)
Public safety	15,418,423	278,600	1,374,379	-	(13,765,444)	-	(13,765,444)
Public works	7,451,392	1,387,430	13,500	1,625,277	(4,425,185)	-	(4,425,185)
Culture and recreation	1,004,906	24,360	-	-	(980,546)	-	(980,546)
Cemetery	61,490	-	-	-	(61,490)	-	(61,490)
Interest on long-term debt	445,775	-	-	-	(445,775)	-	(445,775)
Total governmental activities	28,023,510	2,545,424	1,387,879	1,625,277	(22,464,930)	-	(22,464,930)
<b>Business-type activities:</b>							
Water	2,687,791	2,001,384	-	-	-	(686,407)	(686,407)
Sewer	2,556,184	1,199,805	-	-	-	(1,356,379)	(1,356,379)
Interest on long-term debt	30,184	-	-	-	-	(30,184)	(30,184)
Total business-type activities	5,274,159	3,201,189	-	-	-	(2,072,970)	(2,072,970)
<b>Total</b>	<b>\$ 33,297,669</b>	<b>\$ 5,746,613</b>	<b>\$ 1,387,879</b>	<b>\$ 1,625,277</b>	<b>(22,464,930)</b>	<b>(2,072,970)</b>	<b>(24,537,900)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Ad valorem taxes					5,166,613	480,600	5,647,213
Franchise taxes					770,048	-	770,048
Sales taxes					6,413,552	-	6,413,552
Occupational licenses					398,205	-	398,205
Intergovernmental revenues					5,616,507	-	5,616,507
Fines and forfeitures					3,551,533	-	3,551,533
Investment earnings					25,069	703	25,772
Gain on sale of capital assets					706,477	-	706,477
Miscellaneous					2,690,837	100,447	2,791,284
Transfers					(713,208)	713,208	-
Total general revenues and transfers					24,625,633	1,294,958	25,920,591
Change in net assets					2,160,703	(778,012)	1,382,691
Net assets - beginning of the year - originally stated					34,711,024	14,244,624	48,955,648
Prior period adjustment					-	-	-
Net assets - beginning of the year - restated					34,711,024		48,955,648
Net assets - end of the year					\$ 36,871,727	\$ 13,466,612	\$ 50,338,339

The accompanying notes are an integral part of this statement.

**CITY OF GRETN, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**March 31, 2010**

	General Fund	Fire Protection Fund	Riverboat Casino Fund	Capital Projects Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,953,833	\$ 132,376	\$ 244,736	\$ -	\$ -	\$ 795,338	\$ 4,126,283
Investments	2,046,895	-	27,232	1,593,018	-	-	3,667,145
Receivables, net	769,671	245,871	-	-	-	378,997	1,394,539
Due from other funds	6,842,685	637,969	4,112,599	3,315,563	-	997,229	15,906,045
Due from other governments	830,671	-	116,752	657,429	-	390,044	1,994,896
<b>Restricted assets</b>							
Cash and cash equivalents	262,208	-	-	5,087,994	1,600,253	-	6,950,455
Investments	1,759,103	-	-	-	-	-	1,759,103
<b>Total assets</b>	<b>\$ 15,465,066</b>	<b>\$ 1,016,216</b>	<b>\$ 4,501,319</b>	<b>\$ 10,654,004</b>	<b>\$ 1,600,253</b>	<b>\$ 2,561,608</b>	<b>\$ 35,798,466</b>
<b>LIABILITIES &amp; FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ 1,922,014	\$ -	\$ -	\$ 74,700	\$ 250	\$ 197,210	\$ 2,194,174
Accrued liabilities	223,104	-	-	-	-	-	223,104
Deferred revenue	98,303	-	-	-	-	-	98,303
Due to other funds	5,192,981	-	3,905,563	1,064,802	37,687	350,471	10,551,504
<b>Total liabilities</b>	<b>7,436,402</b>	<b>-</b>	<b>3,905,563</b>	<b>1,139,502</b>	<b>37,937</b>	<b>547,681</b>	<b>13,067,085</b>
<b>Fund balance</b>							
Reserved for:							
Debt service	2,000,000	-	-	450,000	1,562,316	-	4,012,316
Encumbrances	316,484	-	-	749,293	-	159,570	1,225,347
Prior year encumbrances	-	-	-	-	-	-	-
Subsequent year expenditures	374,158	-	-	-	-	-	374,158
Capital expenditures	-	-	-	-	-	-	-
Contingencies	1,600,241	-	-	-	-	-	1,600,241
Bond projects	-	-	-	-	-	-	-
Employment and insurance obligations	2,429,585	-	-	-	-	-	2,429,585
Unreserved, reported in:							
General fund	1,308,196	-	-	-	-	-	1,308,196
Capital projects fund	-	-	-	8,315,209	-	-	8,315,209
Debt service fund	-	-	-	-	-	-	-
Special revenue funds	-	1,016,216	595,756	-	-	1,854,357	3,466,329
<b>Total fund balances</b>	<b>8,028,664</b>	<b>1,016,216</b>	<b>595,756</b>	<b>9,514,502</b>	<b>1,562,316</b>	<b>2,013,927</b>	<b>22,731,381</b>
<b>Total liabilities and fund balance</b>	<b>\$ 15,465,066</b>	<b>\$ 1,016,216</b>	<b>\$ 4,501,319</b>	<b>\$ 10,654,004</b>	<b>\$ 1,600,253</b>	<b>\$ 2,561,608</b>	<b>\$ 35,798,466</b>

The accompanying notes are an integral part of this statement.

**CITY OF GRETNA, LOUISIANA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**March 31, 2010**

Fund balances - total governmental funds	\$	22,731,381
--	----	------------

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets		49,682,730
Less: accumulated depreciation		(18,176,464)

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Accrued interest receivable		-
Receivables, net of allowance for doubtful accounts of		-
Receivable from other governments		-

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable		(16,078,500)
Unamortized bond cost		446,723
Accrued compensated absences		(1,419,774)
Post employment benefit obligation		(314,369)

Net assets of governmental activities	\$	<u>36,871,727</u>
---------------------------------------	----	-------------------



**CITY OF GRETN, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended March 31, 2010**

	General Fund	Fire Protection Fund	Riverboat Casino Fund	Capital Projects Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes							
Ad valorem	\$ 1,803,291	\$ 1,710,949	\$ -	\$ -	\$ -	\$ 1,652,373	\$ 5,166,613
Sales	5,596,496	-	-	-	796,122	20,934	6,413,552
Franchise	770,048	-	-	-	-	-	770,048
Intergovernmental	2,330,686	92,111	2,441,262	1,638,777	-	2,126,827	8,629,663
Charges for services	266,950	-	-	-	-	1,690,390	1,957,340
Fines and forfeitures	3,551,533	-	-	-	-	-	3,551,533
Licenses and permits	986,289	-	-	-	-	-	986,289
Miscellaneous	2,909,552	396	1,638	5,537	288	41,027	2,958,438
Total revenues	18,214,845	1,803,456	2,442,900	1,644,314	796,410	5,531,551	30,433,476
<b>Expenditures:</b>							
Current:							
General government	3,216,543	-	-	-	-	-	3,216,543
Public safety	9,964,272	1,709,081	-	-	-	2,785,588	14,458,941
Public works	3,135,281	-	-	1,733,019	-	1,685,376	6,553,676
Culture and recreation	-	-	-	-	-	913,366	913,366
Cemetery	61,490	-	-	-	-	-	61,490
Capital outlay	1,081,836	645,441	-	3,156,349	-	270,565	5,154,191
Debt service:							
Principal	-	-	-	-	450,000	-	450,000
Interest	-	-	-	-	425,369	-	425,369
Total expenditures	17,459,422	2,354,522	-	4,889,368	875,369	5,654,895	31,233,576
Excess (deficiency) of revenues over expenditures	755,423	(551,066)	2,442,900	(3,245,054)	(78,959)	(123,344)	(800,100)
Other financing sources (uses):							
Transfers in	62,000	-	-	2,245,000	-	365,000	2,672,000
Transfers out	-	-	(2,835,000)	(488,208)	-	(62,000)	(3,385,208)
Sale of Assets	-	-	-	665,000	-	-	665,000
Proceeds of 2009B Bonds	-	-	-	4,569,192	539,776	-	5,108,968
Proceeds from loans	-	-	-	-	-	-	-
Total other financing sources (uses)	62,000	-	(2,835,000)	6,990,984	539,776	303,000	5,060,760
Excess (deficiency) of revenues over expenditures and other uses	817,423	(551,066)	(392,100)	3,745,930	460,817	179,656	4,260,660
Fund balances - beginning of the year	7,211,241	1,567,282	987,856	5,768,572	1,101,499	1,834,271	18,470,721
Prior period adjustment	-	-	-	-	-	-	-
Fund balances - end of the year	\$ 8,028,664	\$ 1,016,216	\$ 595,756	\$ 9,514,502	\$ 1,562,316	\$ 2,013,927	\$ 22,731,381

The accompanying notes are an integral part of this statement

**CITY OF GRETN, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For The Year Ended March 31, 2010**

Net change in fund balances - total governmental funds	\$ 4,260,660
--	--------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation charged in the current period.	4,331,589
--	-----------

The net effect of various miscellaneous transactions involving capital assets (i.e. sales trade-ins, and donations) is to increase (decrease) net assets.	(1,573,522)
---	-------------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds because:

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments net of amortization of bond issuance cost.	(4,679,374)
--	-------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Decrease in compensated absences	118,636
Increase in post employment benefits obligation	(297,286)

Change in net assets of governmental activities	\$ <u>2,160,703</u>
---	---------------------

**CITY OF GRETN, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**March 31, 2010**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL WATERWORKS SYSTEM	MUNICIPAL SEWER SYSTEM	TOTAL
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 181,761	\$ -	\$ 181,761
Investments	1,331	-	1,331
Receivables, net	299,508	209,427	508,935
Total current assets	482,600	209,427	692,027
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	17,263	-	17,263
Investments	220,142	-	220,142
Capital assets, net	8,090,511	12,716,191	20,806,702
Total noncurrent assets	8,327,916	12,716,191	21,044,107
Total assets	8,810,516	12,925,618	21,736,134
<b>LIABILITIES</b>			
Current liabilities:			
Current portion of long-term debt	86,000	130,000	216,000
Accounts payable	43,082	60,874	103,956
Accrued liabilities	336	-	336
Accrued compensated absences	28,000	23,000	51,000
Total current liabilities	157,418	213,874	371,292
Noncurrent liabilities:			
Customer deposits	329,004	-	329,004
Notes payable	763,802	1,176,386	1,940,188
Accrued compensated absences	117,217	157,280	274,497
Due to other funds	2,068,776	3,285,765	5,354,541
Total noncurrent liabilities	3,278,799	4,619,431	7,898,230
Total liabilities	3,436,217	4,833,305	8,269,522
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,693,960	9,850,616	16,544,576
Restricted for capital projects	-	23,984	23,984
Unrestricted	(1,319,661)	(1,782,287)	(3,101,948)
Total net assets	\$ 5,374,299	\$ 8,092,313	\$ 13,466,612

**CITY OF GRETN, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended March 31, 2010**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<b>ENTERPRISE FUNDS</b>		
	<b>MUNICIPAL WATERWORKS SYSTEM</b>	<b>MUNICIPAL SEWER SYSTEM</b>	<b>TOTAL</b>
Operating revenues:			
Charges for services	\$ 2,001,384	\$ 1,199,805	\$ 3,201,189
Miscellaneous	<u>71,220</u>	<u>29,227</u>	<u>100,447</u>
Total operating revenues	2,072,604	1,229,032	3,301,636
Operating expenses:			
Personnel expense	1,313,463	1,054,108	2,367,571
Operating supplies and purchases	338,002	268,549	606,551
Building and maintenance expenses	201,663	210,013	411,676
Outside service	104,257	261,333	365,590
Transportation	35,744	20,660	56,404
General expenses	192,598	275,720	468,318
Bad debt expense	20,171	25,581	45,752
Depreciation	<u>481,893</u>	<u>440,220</u>	<u>922,113</u>
Total operating expenses	<u>2,687,791</u>	<u>2,556,184</u>	<u>5,243,975</u>
Net operating income (loss)	(615,187)	(1,327,152)	(1,942,339)
Nonoperating revenue (expense):			
Investment income	701	2	703
Federal grant	-	-	-
Interest expense	(11,809)	(18,375)	(30,184)
Ad valorem taxes	<u>-</u>	<u>480,600</u>	<u>480,600</u>
Total nonoperating revenue (expense)	<u>(11,108)</u>	<u>462,227</u>	<u>451,119</u>
Net income (loss) before contributions and transfers	(626,295)	(864,925)	(1,491,220)
Capital contributions	-	-	-
Operating transfers in	-	713,208	713,208
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(626,295)	(151,717)	(778,012)
Net assets - beginning of year	<u>6,000,594</u>	<u>8,244,030</u>	<u>14,244,624</u>
Net assets - end of year	<u>\$ 5,374,299</u>	<u>\$ 8,092,313</u>	<u>\$ 13,466,612</u>

**CITY OF GRETN, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For The Year Ended March 31, 2010**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>ENTERPRISE FUNDS</b>		
	<b>MUNICIPAL WATERWORKS SYSTEM</b>	<b>MUNICIPAL SEWER SYSTEM</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,020,644	\$ 1,236,928	\$ 3,257,572
Payments to suppliers	(898,114)	(1,027,336)	(1,925,450)
Payments to employees	(1,304,437)	(1,056,032)	(2,360,469)
Receipts of customer meter deposits	58,896	-	58,896
Refunds of customer meter deposits	(65,285)	-	(65,285)
Net cash provided (used) by operating activities	(188,296)	(846,440)	(1,034,736)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Ad valorem taxes	-	480,600	480,600
Net cash provided by noncapital financing activities	-	480,600	480,600
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Increase (decrease) in compensated absences	85,256	95,191	180,447
Operating transfers in	-	713,208	713,208
Loans and loan repayments received from other funds	3,541,206	2,340,403	5,881,609
Loans to and repayments of loans to other funds	(3,077,010)	(1,597,654)	(4,674,664)
Purchases of capital assets	(224,753)	(1,042,068)	(1,266,821)
Principal paid on capital debt	(81,120)	(124,877)	(205,997)
Interest paid on capital debt	(11,809)	(18,375)	(30,184)
Net cash provided (used) by capital and related financing activities	231,770	365,828	597,598
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments	(386)	-	(386)
Interest and dividends	701	2	703
Net cash provided (used) by investing activities	315	2	317
Net increase (decrease) in cash and cash equivalents	43,789	(10)	43,779
Cash and cash equivalents - beginning of the year	155,235	10	155,245
Cash and cash equivalents - end of the year	199,024	-	199,024
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	(615,187)	(1,327,152)	(1,942,339)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	481,893	440,220	922,113
Change in assets and liabilities:			
Receivables, net	(51,960)	7,896	(44,064)
Accounts and other payables	(5,679)	34,520	28,841
Customer meter deposits payable	(6,388)	-	(6,388)
Accrued expenses	9,025	(1,924)	7,101
Net cash provided by operating activities	\$ (188,296)	\$ (846,440)	\$ (1,034,736)

The accompanying notes are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. General Statement**

The City of Gretna, Louisiana (the City) was incorporated in June 1913, under the provisions of the Lawrason Act. The City operates under a Mayor and City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, drainage, sanitation, health, social services, recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the City conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidelines set forth in the *Louisiana Municipal Audit and Accounting Guide*, and the industry audit guide, *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P8O of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The accompanying basic financial statements have been prepared in conformity with GASB 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The more significant accounting policies of the City are described below.

**2. Financial Reporting Entity**

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has no component units.

**3. Basis of Presentation**

The government-wide financial statements (the statement of net assets) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Basis of Presentation (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund**

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Fire Protection Fund**

The Fire Protection Fund is used to account for 14.52 mills in ad valorem tax specifically dedicated for the purchase and maintenance of fire fighting equipment and to provide for payment of contractual obligations to the City's two volunteer fire companies to provide fire protection to the City and its citizens.

**Riverboat Casino Fund**

The Riverboat Casino Fund is used to account for the collection of revenues dedicated to the City by Jefferson Parish from the operations of the Boomtown Belle Casino. These revenues are dedicated annually to various City funds by action of the City Council.



**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Basis of Presentation (Continued)**

**Capital Projects Fund**

The Capital Projects Fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and major capital improvements.

**Sales Tax Fund**

The Sales Tax Fund is used to account for the collection of Sales Tax revenues and the payment of principal and interest on the Series 2004 and 2009B Sales Tax Bonds.

**Proprietary Funds**

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

**Municipal Waterworks System Fund**

The Municipal Waterworks System Fund is used to account for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

**Municipal Sewer System Fund**

The Municipal Sewer System Fund is used to account for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service billing.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the Parish at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

**5. Budgets and Budgetary Accounting**

The procedures used by the City in establishing the budgetary data reflected in the financial statements are as follows:

- a. Not less than 30 days before the end of the fiscal year, the Mayor recommends to the City Council a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is summarized and advertised and the public notified that the proposed budget is available for inspection and that within 10 days thereafter public hearings are conducted to obtain taxpayer comments.
- c. The budget is then legally enacted through Councilmanic ordinance.

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Budgets and Budgetary Accounting (Continued)**

- d. Any revisions that alter the total expenditures of a department or line item changes within the department must be approved by the City Council.
- e. The level of budget control is at the division, department, or project level; and expenditures/encumbrances may not exceed appropriations until additional appropriations have been provided. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Fund, and Enterprise Funds. Effective control of cost is, therefore, maintained by Councilmanic action that approves a budget for each project and is controlled on a project life basis.
- f. Budgets for the General Fund, Special Revenue Funds, Capital Projects Fund and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. Budgetary comparisons presented for the General Fund, Major Special Revenue Funds, and Capital Projects Fund in the accompanying financial statements are on this non-GAAP budgetary basis. Budgeted amounts are as originally adopted or as finally amended by the City Council.
- g. All unencumbered appropriations lapse at the end of each fiscal year.

**6. Cash and Investments**

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash. Investments are stated at cost.

The City maintains a cash investment pool (Central Depository Account) that is used by all of the City's funds. Each fund's portion of this cash pool is displayed on the combined balance sheet as cash. Investments are separately held by several of the City's funds.

Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid debt instruments with maturities of three months or less, including amounts whose use is limited by board designation.

**7. Allowance for Uncollectible Accounts**

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. Interfund Receivables and Payables.**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "due from or to other funds".

**9. Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**10. Restricted Assets**

Restricted Assets include cash and investments in the General, Capital Projects, Sales Tax and Proprietary Funds which are restricted as to their use. These restrictions are principally related to requirements of bond issues, utility meter deposits, and funds dedicated for future needs or obligations. It is the City's policy to use restricted assets before unrestricted assets for their intended purpose.

**11. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$300 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Description</u>	<u>Life In Years</u>
Buildings	30-50
Water and Sewer Systems	40-50
Infrastructure	20-40
Machinery and Equipment	5-10
Improvements	20

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. Compensated Absences**

Employees are allowed to accrue annual leave, in addition, employees are allowed to accrue up to 45 days of sick leave. The balance accumulated is paid to employees upon termination. The current and non-current portion of this obligation in the governmental funds are recorded in the government-wide financial statements. The current and non-current balance of this obligation in the proprietary funds are recorded in the fund financial statements.

**13. Long Term Debt**

Long Term Debt obligations to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements.

Long Term Debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest are reported as expenditures in the fund statements.

The reporting of Long Term Debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

**14. Fund Equity**

**Equity Classifications**

***Government-Wide Financial Statements***

In the Government-Wide Financial Statements equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets** – Consists of net assets with constraints placed on the use either by:
  - 1. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
  - 2. law through constitutional provisions or enabling legislation.

**CITY OF GRETNA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**14. Fund Equity (Continued)**

- c. **Unrestricted net assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

***Fund Financial Statements***

In the Fund Financial Statements governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

**15. Revenues and Expenditure Recognition**

- a. **Ad Valorem Taxes.** Ad Valorem taxes are recognized in the fiscal year in which the taxes are levied. Taxes are due and become an enforceable lien on property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). City taxes are billed and collected by the City.

Taxes become delinquent on January 1st in the year after levy. Taxes are levied on property values determined by the Jefferson Parish Assessor's Office. All land and residential improvements are assessed at 10 percent of its fair market value and other property at 15 percent of its fair market value. Ad valorem taxes are levied (per \$1,000 assessed value) in varying amounts for maintenance and operation, debt service and capital improvements for the City and are distributed to its funds as follows:

<u>FUND</u>	<u>2009 MILLAGE</u>
General Fund	13.37
Fire Protection Fund	14.52
Recreation Fund	3.50
Street Light Improvements Fund	2.74
Ambulance Fund	5.80
Social Services For The Aged Fund	0.42
Minicipal Sewer System Fund	3.63
	<u>43.98</u>

- b. **Revenues Susceptible to Accrual.** Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are property taxes, sales taxes, franchise fees, charges for services, and certain state shared revenues such as beer tax.

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE B - STEWARDSHIP AND ACCOUNTABILITY**

**1. Budgets and Budget Monitoring**

The City adopts annual budgets for its governmental and enterprise funds on a basis consistent with generally accepted accounting principles. Details of the budget adoption process are presented at Note A-5.

The following funds had actual expenditures over budgeted appropriations for the year ended March 31, 2010:

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Budget Basis</u>	Unfavorable <u>Variance</u>
Court Security Fund	\$ 835,520	\$ 897,520	\$ 1,016,615	\$ 119,095
Court Security 2nd Fund	248,193	248,193	269,725	21,532
Ambulance Fund	1,019,229	1,078,862	1,139,146	60,284

The following fund had actual revenues under projected revenues for the year ended March 31, 2010:

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Budget Basis</u>	Unfavorable <u>Variance</u>
Tourism	\$ 138,050	\$ 138,050	\$ 104,515	\$ 33,535

The unfavorable variance in the Ambulance Fund budget was due to an unbudgeted write off of ad valorem taxes which were not anticipated in the original budget and which was not provided for by a budget amendment.

The unfavorable variance in the Court Security and Court Security 2<sup>nd</sup> funds were due to underbudgeted personnel costs. Since these funds revenues are based on personnel costs there were corresponding revenues which offset these expenditures.

The unfavorable variance in the Tourism Fund revenues was due to a significant reduction in occupancy and tourism tax revenues from that of prior years which were not anticipated in the original budget.

**2. Deposits and Investment Laws and Regulations**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note C1 regarding cash, cash equivalents, and investments, the City was in compliance with the deposits and investments laws and regulations.

**CITY OF GRETN, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2010**

**NOTE B - STEWARDSHIP AND ACCOUNTABILITY (Continued)**

**3. Deficit Fund Equity**

As of March 31, 2010, no City funds had deficit fund equities.

**4. Compliance With Bond and Other Debt Covenants**

As of March 31, 2010, the City was in compliance in all material respects with its various bond and debt covenants.

**NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**1. Cash, Cash Equivalents and Investments**

**a. Cash and Cash Equivalents.**

At March 31, 2010, the City's cash and cash equivalents (book balances) total \$11,275,762. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance and/or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually agreeable to both parties.

Custodial Credit Risk – Deposits. At March 31, 2010, the City had \$11,847,734 in deposits (collected bank balances) which includes \$34,139 in certificate of deposits. These deposits were fully secured from risk by \$778,665 of federal deposit insurance and \$11,233,900 pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) and therefore not exposed to custodial credit risk.

Even though the deposits are considered uncollateralized (Category 3) under the provisions of GASB Statement 3 since the pledged securities are held, LSA-R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the city that the fiscal agent bank has failed to pay deposited funds upon demand.

**b. Investments**

The City's investments in the Louisiana Asset Management Pool (LAMP) total \$5,647,721. LAMP is a local government investment pool established as a cooperative effort to enable public entities of the State of Louisiana to aggregate funds for investments. The city also has an investment in a certificate of deposit with a local banking institution in the amount of \$50,000 with a maturity date of July 14, 2010.



**CITY OF GRETNA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**1. Cash, Cash Equivalents and Investments (Continued)**

In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.165 because the Investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**Interest Rate Risk.** Interest Rate Risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Custodial Credit Risk – Investments.** Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to fully recover the value of the investment. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

**2. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ad valorem, sales taxes, franchise taxes, and grants. Business-type activities report utilities earnings as their major receivable.

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**2. Receivables (Continued)**

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem, sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

The following is a summary of receivables for March 31, 2010, net of allowances for uncollectible amounts where applicable:

Class of Receivable	General Fund	Revenue Funds	Proprietary Funds
<b>Taxes:</b>			
Ad valorem	\$ 269,025	\$ 502,989	\$ 57,923
Sales and use	495,665	-	-
Other	4,981	-	-
<b>Intergovernmental</b>			
Federal-grant	179,574	-	-
State-grant	144,230	51,730	-
Other	506,867	455,699	-
<b>Other:</b>		656,796	
Accounts	-	121,879	446,651
Other	-	-	4,361
<b>Total</b>	<b>\$ 1,600,342</b>	<b>\$ 1,789,093</b>	<b>\$ 508,935</b>

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNT (Continued)**

**2. Receivables (Continued)**

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at March 31, 2010.

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>
Taxes:			
Ad valorem	\$ 215,900	\$ 399,533	\$ 54,077
Other:			
Accounts	-	38,739	117,636
<b>Total</b>	<b>\$ 215,900</b>	<b>\$ 438,272</b>	<b>\$ 171,713</b>

**3. Capital Assets**

The following is a summary of the changes in capital assets for the fiscal year ended March 31, 2010:

<u>Governmental Activities:</u>	<u>Balance March 31, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance March 31, 2010</u>
<b>Capital Assets Not Depreciated</b>				
Land	\$ 2,574,123	\$ -	\$ -	\$ 2,574,123
<b>Other Capital Assets:</b>				
Buildings & Improvements	\$ 11,132,404	\$ 1,907,962	\$ -	\$ 13,040,366
Furniture, fixtures and equipment	8,068,948	796,350	92,391	8,772,907
Vehicles and road machinery	4,256,334	484,476	254,687	4,486,123
Construction in progress	1,570,189	3,535,594	1,570,189	3,535,594
Historical Infrastructure	17,273,617	-	-	17,273,617
<b>Total Other Capital Assets</b>	<b>\$ 42,301,492</b>	<b>\$ 6,724,382</b>	<b>\$ 1,917,267</b>	<b>\$ 47,108,607</b>
<b>Less Accumulated Depreciation:</b>				
Buildings & Improvements	\$ 1,734,180	\$ 631,964	\$ -	\$ 2,366,144
Furniture, fixtures and equipment	4,312,174	775,286	89,059	4,998,401
Vehicles and road machinery	3,269,670	507,642	254,687	3,522,625
Construction in progress	-	-	-	-
Historical Infrastructure	6,811,393	477,901	-	7,289,294
	<b>\$ 16,127,417</b>	<b>\$ 2,392,793</b>	<b>\$ 343,746</b>	<b>\$ 18,176,464</b>
<b>Other Capital Assets Net</b>	<b>\$ 26,174,075</b>	<b>\$ 4,331,589</b>	<b>\$ 1,573,521</b>	<b>\$ 28,932,143</b>
<b>Totals</b>	<b>\$ 28,748,198</b>	<b>\$ 4,331,589</b>	<b>\$ 1,573,521</b>	<b>\$ 31,506,266</b>

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNT (Continued)**

**3. Capital Assets (Continued)**

Governmental activities capital assets net of accumulated depreciation at March 31, 2010 are comprised of the following:

General Capital Assets, Net	\$ 31,506,266
Total	<u>\$ 31,506,266</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 424,981
Public Safety	959,482
Public Works	897,716
Culture and Recreation	<u>91,540</u>
Total	<u>\$ 2,373,719</u>

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended March 31, 2010:

	Balance March 31, 2009	Increases	Decreases	Balance March 31, 2010
<b>Business-Type Activities:</b>				
Land	\$ 299,988	\$ -	\$ -	\$ 299,988
Buildings	16,455,209	-	-	16,455,209
Furniture and fixtures	23,985	1,871	-	25,856
Equipment and Vehicles	21,610,343	801,743	-	22,412,086
Construction in Progress	-	463,208	-	463,208
	<u>\$ 38,389,525</u>	<u>\$ 1,266,822</u>	<u>\$ -</u>	<u>\$ 39,656,347</u>
 Less: Accumulated Depreciation for:				
Buildings and Equipment	<u>17,927,532</u>	<u>922,113</u>	<u>-</u>	<u>18,849,645</u>
 Total	<u>\$ 20,461,993</u>	<u>\$ 344,709</u>	<u>\$ -</u>	<u>\$ 20,806,702</u>

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

**3. Capital Assets (Continued)**

Property, plant, and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	30-50 years
Equipment	5-20 years
Infrastructure	20-25 years

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Primary Government

Capital Outlay	\$ 4,331,589
Depreciation Expense	<u>(1,573,522)</u>
Total Adjustment	<u>\$ 2,758,067</u>

**4. Long-Term Debt**

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities:

As of March 31, 2010, the governmental long-term debt of the financial reporting entity consisted of the following:

Compensated absences:

Employees accumulated balance recorded in the government-wide financial statements	\$ 1,419,774
--	--------------

Sales Tax Bonds Series 2004

\$10,880,000 Serial Bonds dated February 6, 2004; Due in Annual Installments of \$420,000 to \$765,000 through February, 2024; Interest at 2.00% to 4.50% (Payable from pledge of the City's 1955 1% and 1966 1/2% Sales and Use Tax	\$ 8,320,000
--	--------------

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

**4. Long-Term Debt (continued)**

Sales Tax Bonds Series 2009B

\$5,270,000 Serial Bonds dated February 5, 2010; Due in Annual Installments of \$35,000 to \$1,010,000 through February, 2029; Interest at 2.5% to 4.125% (Payable from pledge of the City's 1955 1% and 1966 1/2% Sales and Use Tax)

\$ 5,270,000

EPA Brownsfield Loan

Revolving loan

\$ 488,500

Community Disaster Loan

\$2,000,000 demand loan dated February 2, 2006 with annual interest at 2.74% due February 1, 2011

\$ 2,000,000

Total Government Activity Debt

\$ 17,498,274

**Business-Type Activities:**

As of March 31, 2010, the long-term debt payable from proprietary fund resources consisted of the following:

Participation Notes:

Participation Notes (payable from fees paid by Municipal Waterworks and Sewer Fund Customers) were borrowed from a line of credit totaling \$4,000,000 made available to the City of Gretna by the Louisiana Local Government Environmental Facilities and Community Development Authority. These Notes carry an adjustable rate of interest at 1% over the "Bond Market Association Index". Final payment is due May 31, 2018. This debt is reflected as a liability in the City's Municipal Waterworks and Sewer System Fund.

\$ 2,156,187

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

**4. Long-Term Debt (Continued)**

The following is a summary of changes in long-term debt for the year ended March 31, 2010:

Type of Debt	Balance at March 31, 2009	Additions or Bonds Issued	Bonds Retired and Other Deductions	Balance at March 31, 2010	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 1,538,410	\$ -	\$ 118,636	\$ 1,419,774	\$ 390,000
Sales Tax Bonds Series 2004	8,770,000	-	450,000	8,320,000	450,000
Sales Tax Bonds Series 2009B	-	5,270,000	-	5,270,000	50,000
EPA Brownsfield Loan	488,500	-	-	488,500	-
Community Disaster Loan	2,000,000	-	-	2,000,000	-
<b>Total General Long-Term Debt</b>	<b>\$ 12,796,910</b>	<b>\$ 5,270,000</b>	<b>\$ 568,636</b>	<b>\$ 17,498,274</b>	<b>\$ 890,000</b>
<b>Business-Type Activities:</b>					
Water Fund Participation Notes	\$ 930,922	\$ -	\$ 81,120	\$ 849,802	\$ 86,000
Sewer Fund Participation Notes	1,431,265	-	124,880	1,306,385	130,000
<b>Total Business Type Activities Debt</b>	<b>\$ 2,362,187</b>	<b>\$ -</b>	<b>\$ 206,000</b>	<b>\$ 2,156,187</b>	<b>\$ 216,000</b>

At March 31, 2010, the City of Gretna, Louisiana has accumulated \$1,022,540 in the Debt Service Fund for future debt requirements for the Sales Tax Bonds. The annual requirements to amortize all bonds and/or Participation Notes outstanding at March 31, 2010, including interest of \$7,026,685 are as follows:

Year Ending Date	Sales Tax Bonds Series 2004	Sales Tax Bonds Series 2009B	Sewer and Water Participation Notes	Total
March 31, 2011	799,402	288,134	216,000	1,303,536
March 31, 2012	795,453	289,144	222,500	1,307,097
March 31, 2013	798,828	283,444	245,000	1,327,272
March 31, 2014	795,265	287,844	253,500	1,336,609
March 31, 2015	796,140	286,969	267,500	1,350,609
March 31, 2016 - February 1, 2020	3,987,250	1,441,731	951,686	6,380,667
March 31, 2021 - February 1, 2025	3,190,975	2,233,106	-	5,424,081
March 31, 2026 - February 1, 2029	-	4,343,000	-	4,343,000
	<b>\$ 11,163,313</b>	<b>\$ 9,453,372</b>	<b>\$ 2,156,186</b>	<b>\$ 22,772,871</b>
<b>Interest Portion</b>	<b>(2,843,313)</b>	<b>(4,183,372)</b>	<b>-</b>	<b>(7,026,685)</b>
	<b>\$ 8,320,000</b>	<b>\$ 5,270,000</b>	<b>\$ 2,156,186</b>	<b>\$ 15,746,186</b>

There are a number of limitations and restrictions contained in the bond indenture. The City is in compliance with all significant limitations and restrictions.

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

**5. Segments of Enterprise Activities**

Some services provided by the City of Gretna, Louisiana are financed by user charges, specifically the City's Municipal Waterworks and Sewer Systems. The significant financial data for these enterprises are as follows:

	Water System	Sewerage	Total
Operating Revenues	\$ 2,072,604	\$ 1,229,032	\$ 3,301,636
Operating Expenses			
Depreciation	\$ 481,893	\$ 440,220	\$ 922,113
Other Expenses	\$ 2,205,898	\$ 2,115,964	\$ 4,321,862
Total Operating Expenses	\$ 2,687,791	\$ 2,556,184	\$ 5,243,975
Operating Income (Loss)	\$ (615,187)	\$ (1,327,152)	\$ (1,942,339)
Nonoperating Revenues (Expense)	\$ (11,108)	\$ 462,227	\$ 451,119
Net Income (Loss)	\$ (626,295)	\$ (864,925)	\$ (1,491,220)
Transfers	\$ -	\$ 713,208	\$ 713,208
Change in Net Assets	\$ (626,295)	\$ (151,717)	\$ (778,012)
Beginning Net Assets	\$ 6,000,594	\$ 8,244,030	\$ 14,244,624
Ending Net Assets	\$ 5,374,299	\$ 8,092,313	\$ 13,466,612

A single revenue stream is not dedicated for the repayment of debt; therefore, the condensed financial information for the statement of net assets and cash flows is not presented.

**6. Interfund Transfers**

The following is a summary of the operating transfers between funds during the fiscal year ended March 31, 2010:

	Transfer In From	Transfer Out To
General Fund:		
Court Security	\$ 62,000	\$ -
Total General Fund	62,000	-
Special Revenue Funds:		
Riverboat Casino Fund	-	2,835,000
Capital Projects Fund	2,245,000	488,208
Tourism Fund	25,000	-
Street Lights Fund	340,000	-
Court Security	-	62,000
Total Special Revenue Funds	2,610,000	3,385,208
Enterprise Fund		
Sewer	713,208	-
Total Enterprise Funds	713,208	-
Total All Funds	\$ 3,385,208	\$ 3,385,208



**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

**7. Interfund Receivables/Payable**

The following is a summary of the Governmental Funds Balance Sheet interfund receivables/payables at March 31, 2010:

Governmental Funds Balance Sheet		
	Due From	Due To
General Fund:		
Fire Protection Fund	\$ -	\$ 637,969
Garbage Fund	-	31,399
Parks & Recreation Fund	59,254	-
Social Services Fund	-	26,042
Street Lights Improvements Fund	-	144,946
Riverboat Casino	-	4,112,599
Capital Projects Fund	978,981	-
Tourism Fund	14,057	-
Ambulance Fund	-	240,027
Home Incarceration Fund	103,130	-
Court Security	101,033	-
2nd Parish Court	18,714	-
Debt Service Fund	37,687	-
Water Enterprise Fund	2,085,160	-
Sewer Enterprise Fund	3,444,670	-
Total General Fund	6,842,686	5,192,982
Special Revenue Funds:		
Fire Protection Fund	637,969	-
Riverboat Casino	4,112,599	3,905,563
Capital Projects Fund	3,315,563	1,064,802
Garbage Fund	172,052	10,895
Parks & Recreation Fund	25,025	59,673
Social Services Fund	26,461	-
Street Lights Improvements Fund	484,946	-
Tourism Fund	5,750	14,057
Ambulance Fund	240,115	-
Debt Service Fund	-	37,687
Home Incarceration Fund	2,667	103,130
Court Security	40,213	103,789
2nd Parish Court	-	58,927
Total Special Revenue Funds	9,063,360	5,358,523
Enterprise Funds:		
Water	22,847	2,091,623
Sewer	299,558	3,585,323
Total Enterprise Fund	322,405	5,676,946
Totals	<u>\$ 16,228,451</u>	<u>\$ 16,228,451</u>

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE D – OTHER NOTES (Continued)**

**NOTE D – OTHER NOTES**

**1. Pension Plans**

**Plan Membership.** Substantially all of the City's full time employees, except certain police employees, are mandatory members of Plan A of the Municipal Employees Retirement System of Louisiana. Full time police employees hired after June 30, 1973, and those employed prior to that date that elected to join, are mandatory members of the State Municipal Police Employees' Retirement System. Both plans are cost sharing multiple-employer defined benefit plans established by Louisiana State Statutes.

At March 31, 2010, the City had 296 employees of which approximately 44% were participants in the Plan A System and 33% were participants in the State Municipal Police Employees Retirement System.

**Pension Benefits - Plan A of the Municipal Employees' Retirement System of Louisiana.** Under this System, a member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old. The monthly retirement benefit under this System is equal to three percent of the member's average monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100% of member's final compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death, under certain conditions, are payable to the retiree's surviving spouse and minor children.

**Pension Benefits - State Municipal Police Employees' Retirement System.** Under this System, a member is eligible for normal retirement if he has at least 20 years of service and is at least 55 years old, or 12 years of service and is at least 60 years old. The monthly retirement benefit under this System is equal to 3 1/3% of the member's average monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100% of member's final compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death, under certain conditions, are payable to the retiree's surviving spouse and minor children.

**Funding Policy.** Employees covered under Plan A of the Municipal Employees' Retirement system of Louisiana are required by State Statute to contribute 9.25% of their salary. Employees covered under the State Municipal Police Employees Retirement System are required by State Statute to contribute 7.5% of their earnable compensation (includes state supplemental pay but excludes overtime pay). The City contributes both the employee and employer amounts for both plans and takes no deduction from the employees' pay. Employer contributions are determined by actuarial computation and are subject to change each year as provided for by State Statute.

**CITY OF GRETNA, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2010**

**NOTE D – OTHER NOTES (Continued)**

**1. Pensions Plans (Continued)**

The City's contributions to each plan required by State Statute are as follows:

Fiscal Year Ended	MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM		MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA - PLAN A	
	Required Contribution	Percentage Contribution	Required Contribution	Percentage Contribution
March 31, 2010	\$ 784,445	100%	\$ 953,540	100%
March 31, 2009	\$ 702,956	100%	\$ 875,582	100%
March 31, 2008	\$ 809,292	100%	\$ 787,869	100%

The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the Systems. These reports may be obtained by writing to:

Board of Trustees	<b>OR</b>	Board of Trustees
Municipal Police Employees' Retirement System		Municipal Employees' Retirement
8401 United Plaza Boulevard		System of Louisiana
Room 207		7937 Office Park Boulevard
Baton Rouge, Louisiana 70809		Baton Rouge, Louisiana 70809

**2. On Behalf Payments for Salaries**

Supplemental pay which is paid directly to employees of the City of Gretna by the State of Louisiana, Department of Public Safety, is recognized as intergovernmental revenue and salaries expenditure in the year in which paid. For the year ended March 31, 2010, the amount recognized as revenue and expenditure was \$505,434.

**3. Post Employment Health Care Benefits**

**Cobra Benefits.** Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the first day of the month for the actual month covered. This program is offered for duration of 18 months after the termination date. There is no associated cost to the City under a program, and there is 1 participant in the program as of March 31, 2010.

**CITY OF GRETNA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE D – OTHER NOTES (Continued)**

**3. Post Employment Health Care Benefits (Continued)**

**Plan Description.** The City of Gretna's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

The employees are covered by two retirement systems whose retirement eligibility (D.R.O.P. entry) provisions are similar. We have used the following as representative of that eligibility: 25 years of service at any age; age 50 and 20 years of service; age 55 and 12 years of service; or, age 60 and 10 years of service. Complete plan provisions are included in the official plan documents.

**Contribution Rates.** Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy.** Until Fiscal Year Ending March 31, 2008, the City of Gretna recognized the cost of providing post-employment medical benefits (the City of Gretna's portion of the retiree medical benefits premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning April 1, 2008, the City of Gretna implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In Fiscal Year Ending March 31, 2010, the City of Gretna portion of health care funding cost for retired employees totaled \$6,646. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

**Annual Required Contribution.** The City of Gretna's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning April 1, 2010 is \$304,236, as set forth below:

	<b>Medical</b>
Normal Cost	\$149,777
30-year UAL amortization amount	154,459
Annual required contribution (ARC)	<u>\$304,236</u>

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE D – OTHER NOTES (Continued)**

**3. Post Employment Health Care Benefits (Continued)**

**Net Post-employment Benefit Obligation (Asset).** The table below shows the City of Gretna's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for the fiscal year ending March 31, 2010:

	Medical
Beginning Net OPEB Obligation (Asset) 4/1/2009	\$ 17,083
Annual required contribution	304,237
Interest on Net OPEB Obligation (Asset):	683
ARC Adjustment:	988
OPEB Cost:	303,932
Contribution	-
Current year retiree premium	(6,646)
Change in Net OPEB Obligation:	297,286
Ending Net OPEB Obligation (Asset) 3/31/10:	<u>\$314,369</u>

The following table shows the City of Gretna's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

Post Employment <u>Benefit</u>	Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual Cost <u>Contributed</u>	Net OPEB Obligation <u>(Asset)</u>
Medical	March 31, 2010	\$ 303,932	2.19%	\$ 314,369

**Funded Status and Funding Progress.** In the fiscal ending March 31, 2010, the City of Gretna made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of March 31, 2010, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$2,777,616, which is defined as that portion, as determined by a particular actuarial cost method (the City of Gretna uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2009/2010, the entire actuarial accrued liability of \$2,777,616 was unfunded.

**CITY OF GRETNÄ, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE D – OTHER NOTES (Continued)**

**3. Post Employment Health Care Benefits (Continued)**

	Medical
Actuarial Accrued Liability (AAL)	\$ 2,777,616
Actuarial Value of Plan Assets	-
Unfunded Act. Accrued Liability (UAAL)	<u>2,777,616</u>
Funded Ratio (Act. Val. Assets/AAL)	0%
 Covered Payroll (active plan members)	 \$11,023,375
UAAL as a percentage of covered payroll	25.20%

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Gretna and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Gretna and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Gretna and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method.** The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets.** Since this is the first actuarial valuation, there are not any assets. It is anticipated that In future valuations a smoother market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

**CITY OF GRETN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE D – OTHER NOTES (Continued)**

**3. Post Employment Health Care Benefits (Continued)**

**Turnover Rate.** An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 11%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	20.00%
26 - 40	14.00%
41 - 54	10.00%
55+	7.00%

Based on past experience, we have also assumed that 80% of retirees decline coverage at retirement because of the retiree premiums required.

**Post employment Benefit Plan Eligibility Requirements.** Based on past experience, it has been assumed that entitlement to benefits will commence three years after the earliest retirement (D.R.O.P. entry) eligibility, as described above under "Plan Description". The three years represents the three years in the D.R.O.P. Medical benefits are provided to employees upon actual retirement. The employees are covered by two retirement systems whose retirement eligibility (D.R.O.P. entry) provisions are similar. We have used the following as representative of that eligibility: 25 years of service at any age; age 50 and 20 years of service; age 55 and 12 years of service; or age 60 and 10 years of service.

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

**Health Care Cost Trend Rate.** The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**Mortality Rate.** The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

**CITY OF GRETNA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

**NOTE D – OTHER NOTES (Continued)**

**3. Post Employment Health Care Benefits (Continued)**

**Method of Determining Value of Benefits.** The “value of benefits” has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. Retirees are covered for health insurance after age 65. While the retiree pays 100% of the retiree premiums before age 65, those premiums are based on the blended active/retired rate before Medicare eligibility (age 65). Since GASB 45 mandates that “unblended” rates applicable to the coverage provided to retirees be used, we have estimated the “unblended” rates for retirees before Medicare eligibility to be 130% of the blended active/retired rate, with the employer assumed to pay the implied subsidy representing the difference between the unblended rate and the blended rate.

**4. Contingencies and Commitments**

The City is a defendant in several lawsuits including claims for damages from wrongful deaths, civil rights violations, injuries, property damage and other actions. The city’s attorneys have evaluated the open claims for the likelihood of an unfavorable outcome to the City and an amount of potential loss.

In most instances neither the outcome or the amount of a potential loss could be estimated. In those cases where a potential outcome and an amount of potential loss could be determined total liability to the City is estimated to be not more than \$90,000.

The City carries insurance for general liability coverage in the amount of \$5,000,000, wrongful act liability coverage in the amount of \$5,000,000 and auto liability coverage in the amount of \$5,000,000. Deductibles under these coverage’s are \$100,000 per occurrence and a retained limit combined aggregate of \$1,025,000. The City’s third party administrator has actuarially computed the City’s liability in all cases as of March 31, 2010 to be \$633,077. The city has not accrued a liability on its financial statements to provide for the estimated amount but it has provided a reserve of fund balance in its General Fund under the caption “Reserve for employment and insurance obligations” in the amount of \$2,429,585.

**5. Subsequent Events**

Management of the City of Gretna has evaluated subsequent events through January 29, 2011, the date which the financial statements were available to be issued.

In June 2010 the city issued bonds in the amount of \$3,228,000. The bonds were funded through a federal program the “Municipal Facilities Revolving Loan Fund” administered by the Louisiana Department of Environmental Quality. The bonds require annual payments of principal over a twenty year period. Interest is payable annually at a rate of .45%,



## **REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For The Year Ended March 31, 2010**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	To Budget	Budget	Final Budget
			Basis	Basis	Basis	Favorable/ (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 9,230,347	\$ 9,230,347	\$ 8,169,835	\$ -	\$ 8,169,835	\$ (1,060,512)
Licenses and permits	883,000	883,000	986,289	-	986,289	103,289
Intergovernmental	1,613,223	2,815,124	2,330,686	-	2,330,686	(484,438)
Charges for services	220,200	220,200	266,950	-	266,950	46,750
Fines and forfeitures	1,320,328	1,848,678	3,551,533	-	3,551,533	1,702,855
Miscellaneous	711,000	2,435,900	2,909,552	-	2,909,552	473,652
<b>Total revenues</b>	<b>13,978,098</b>	<b>17,433,249</b>	<b>18,214,845</b>	<b>-</b>	<b>18,214,845</b>	<b>781,596</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	2,260,023	2,842,658	3,216,543	(17,041)	3,199,501	(356,843)
Public safety	8,719,592	10,342,826	9,964,272	(107,331)	9,856,942	485,884
Public works	2,679,259	3,328,723	3,135,281	38,728	3,174,008	154,715
Cemetery	60,200	60,200	61,490	612	62,102	(1,902)
Capital outlay	438,500	777,813	1,081,836	(170,978)	910,858	(133,045)
<b>Total expenditures</b>	<b>14,157,574</b>	<b>17,352,220</b>	<b>17,459,422</b>	<b>(256,010)</b>	<b>17,203,411</b>	<b>148,809</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(179,476)</b>	<b>81,029</b>	<b>755,423</b>	<b>256,010</b>	<b>1,011,434</b>	<b>930,405</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	-	62,000	62,000	-	62,000	-
Operating transfers out	-	-	-	-	-	-
Proceed from loans	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>62,000</b>	<b>62,000</b>	<b>-</b>	<b>62,000</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	<b>(179,476)</b>	<b>143,029</b>	<b>817,423</b>	<b>256,010</b>	<b>1,073,434</b>	<b>930,405</b>
<b>Fund balance - beginning of the year</b>	<b>7,211,241</b>	<b>7,211,241</b>	<b>7,211,241</b>	<b>(636,238)</b>	<b>6,575,003</b>	<b>636,238</b>
<b>Fund balance - end of the year</b>	<b>\$ 7,031,765</b>	<b>\$ 7,354,270</b>	<b>\$ 8,028,664</b>	<b>\$ (380,228)</b>	<b>\$ 7,648,437</b>	<b>\$ 1,566,643</b>

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For The Year Ended March 31, 2010**

	Budgeted Amounts		Actual	Adjustment	Actual	Variance with
	Original	Final	GAAP	To Budget	Budget	Final Budget
			Basis	Basis	Basis	Favorable/ (Unfavorable)
<b>Taxes:</b>						
Ad valorem	\$ 1,805,347	\$ 1,805,347	\$ 1,803,291	\$ -	\$ 1,803,291	\$ (2,056)
Sales	6,500,000	6,500,000	5,596,496	-	5,596,496	(903,504)
<b>Franchises</b>						
Entergy	400,000	400,000	317,582	-	317,582	(82,418)
Atmos Energy Company	65,000	65,000	61,578	-	61,578	(3,422)
Cox Cable Television	160,000	160,000	185,937	-	185,937	25,937
Off Track Betting	300,000	300,000	204,951	-	204,951	(95,049)
Penalties and interest	-	-	-	-	-	-
<b>Total taxes</b>	<b>9,230,347</b>	<b>9,230,347</b>	<b>8,169,835</b>	<b>-</b>	<b>8,169,835</b>	<b>(1,060,512)</b>
<b>Licenses and permits:</b>						
Occupational licenses	350,000	350,000	398,205	-	398,205	48,205
Alcoholic beverage	33,500	33,500	32,260	-	32,260	(1,240)
Chain store	15,000	15,000	9,094	-	9,094	(5,906)
Plumbing	15,000	15,000	8,145	-	8,145	(6,855)
Electrical	8,000	8,000	9,317	-	9,317	1,317
Taxi cab	11,000	11,000	16,595	-	16,595	5,595
Recreational	20,000	20,000	15,307	-	15,307	(4,693)
Insurance	350,000	350,000	408,597	-	408,597	58,597
Fireworks	30,000	30,000	40,790	-	40,790	10,790
Mardi Gras	500	500	7,160	-	7,160	6,660
Building	50,000	50,000	40,819	-	40,819	(9,181)
<b>Total licenses and permits</b>	<b>883,000</b>	<b>883,000</b>	<b>986,289</b>	<b>-</b>	<b>986,289</b>	<b>103,289</b>
<b>Intergovernmental</b>						
State grant	-	724,153	611,652	-	611,652	(112,501)
Other grants	-	43,783	284,389	-	284,389	240,606
911 fees	47,580	47,580	47,580	-	47,580	-
Federal grant	610,643	929,608	478,338	-	478,338	(451,270)
Beer tax	55,000	55,000	53,211	-	53,211	(1,789)
State video poker	700,000	700,000	569,410	-	569,410	(130,590)
Jefferson parish council	-	115,000	115,000	-	115,000	-
Parish road tax	200,000	200,000	171,106	-	171,106	(28,894)
<b>Total intergovernmental</b>	<b>\$ 1,613,223</b>	<b>\$ 2,815,124</b>	<b>\$ 2,330,686</b>	<b>\$ -</b>	<b>\$ 2,330,686</b>	<b>\$ (484,438)</b>

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For The Year Ended March 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustment</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Amounts</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable/</u>
						<u>(Unfavorable)</u>
Charges for services:						
Inspection fees						
Electrical	\$ 30,000	\$ 30,000	\$ 24,699	\$ -	\$ 24,699	\$ (5,301)
Plumbing	20,000	20,000	22,619	-	22,619	2,619
Resubdivision fees	4,000	4,000	2,450	-	2,450	(1,550)
Parking meter	110,200	110,200	112,068	-	112,068	1,868
Grass cutting fees	30,000	30,000	21,470	-	21,470	(8,530)
Other	26,000	26,000	83,644	-	83,644	57,644
Total charges for services	220,200	220,200	266,950	-	266,950	46,750
Fines and forfeitures						
Fines	1,195,328	1,221,647	1,594,618	-	1,594,618	372,971
Speed enforcement program	-	502,031	1,841,315	-	1,841,315	1,339,284
Court cost	125,000	125,000	115,600	-	115,600	(9,400)
Total fines and forfeitures	1,320,328	1,848,678	3,551,533	-	3,551,533	1,702,855
Miscellaneous:						
Interest on invested funds	150,000	150,000	17,814	-	17,814	(132,186)
Rents	50,000	50,000	50,369	-	50,369	369
Insurance fund returns	-	-	422,067	-	422,067	422,067
Insurance claims	500,000	2,175,000	2,206,810	-	2,206,810	31,810
Property seizures	-	13,650	31,164	-	31,164	17,514
Diversion program	1,000	1,000	54,363	-	54,363	53,363
Sale of assets	-	-	44,808	-	44,808	44,808
Other	10,000	46,250	82,157	-	82,157	35,907
Total miscellaneous	711,000	2,435,900	2,909,552	-	2,909,552	473,652
Total revenues	\$ 13,978,098	\$ 17,433,249	\$ 18,214,845	\$ -	\$ 18,214,845	\$ 781,596

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For The Year Ended March 31, 2010**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	To Budget	Budget	Final Budget
			Basis	Basis	Basis	Favorable/ (Unfavorable)
General government:						
City administration:						
Personnel expenses	\$ 412,479	\$ 501,979	\$ 556,828	\$ 153	\$ 556,981	\$ (55,002)
Supplies	12,200	143,957	139,578	(1,269)	138,309	5,648
Service charges	420,270	416,341	491,309	(15,461)	475,848	(59,507)
Capital outlay	35,000	35,000	63,743	(2,274)	61,469	(26,469)
Total city administration	879,949	1,097,277	1,251,458	(18,851)	1,232,607	(135,330)
Elected officials:						
Personnel expenses	120,460	120,460	123,921	-	123,921	(3,461)
Supplies	500	500	310	-	310	190
Service charges	38,000	38,000	83,596	(2,184)	81,412	(43,412)
Capital outlay	-	-	-	-	-	-
Total elected officials	158,960	158,960	207,827	(2,184)	205,643	(46,683)
City attorney:						
Personnel expenses	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Service charges	151,000	419,307	433,711	-	433,711	(14,404)
Capital outlay	-	-	-	-	-	-
Total city attorney	151,000	419,307	433,711	-	433,711	(14,404)
Department of finance:						
Personnel expenses	552,552	579,552	655,236	-	655,236	(75,684)
Supplies	13,500	13,500	10,916	(442)	10,474	3,026
Service charges	158,000	208,000	307,154	1,208	308,362	(100,362)
Capital outlay	16,000	16,000	355,079	(304,123)	50,956	(34,956)
Total department of finance	740,052	817,052	1,328,385	(303,357)	1,025,028	(207,976)
Tax collection:						
Personnel expenses	202,473	212,473	225,561	-	225,561	(13,088)
Supplies	9,000	9,000	14,178	1,212	15,390	(6,390)
Service charges	35,600	35,600	21,722	(258)	21,464	14,136
Capital outlay	-	-	-	-	-	-
Total tax collection	247,073	257,073	261,461	954	262,415	(5,342)
Vehicle maintenance:						
Personnel expenses	102,649	112,649	143,456	-	143,456	(30,807)
Supplies	19,140	19,140	3,683	-	3,683	15,457
Service charges	12,200	12,200	5,383	-	5,383	6,817
Capital outlay	-	-	-	-	-	-
Total vehicle maintenance	133,989	143,989	152,522	-	152,522	(8,533)
Total general government	2,311,023	2,893,658	3,635,365	(323,438)	3,311,926	(418,268)
Less capital outlay	51,000	51,000	418,822	(306,397)	112,425	(61,425)
Total general government, net capital outlay	\$ 2,260,023	\$ 2,842,658	\$ 3,216,543	\$ (17,041)	\$ 3,199,501	\$ (356,843)

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For The Year Ended March 31, 2010**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	To Budget	Budget	Final Budget
			Basis	Basis	Basis	Favorable/ (Unfavorable)
Public safety:						
City court:						
Personnel expenses	\$ 402,641	\$ 434,302	\$ 487,215	\$ -	\$ 487,215	\$ (52,913)
Supplies	16,000	16,000	20,360	(304)	20,056	(4,056)
Service charges	99,100	106,675	68,532	(1,397)	67,135	39,540
Capital outlay	-	-	2,510	-	2,510	(2,510)
Total city court	517,741	556,977	578,617	(1,701)	576,916	(19,939)
City police:						
Personnel expenses	5,492,389	5,492,389	5,164,948	(3,374)	5,161,574	330,815
Supplies	590,500	590,500	635,122	(9,117)	626,005	(35,505)
Service charges	1,253,400	2,869,771	2,843,939	(46,229)	2,797,710	72,061
Capital outlay	371,500	705,865	646,253	135,419	781,672	(75,807)
Total city police	7,707,789	9,658,525	9,290,261	76,699	9,366,961	291,564
City inspectors:						
Personnel expenses	497,082	467,082	429,760	-	429,760	37,322
Supplies	9,000	9,000	5,548	(178)	5,370	3,630
Service charges	359,480	357,107	308,849	(46,732)	262,117	94,990
Capital outlay	-	2,373	2,373	-	2,373	-
Total city inspectors	865,562	835,562	746,530	(46,910)	699,620	135,942
Total public safety	9,091,092	11,051,064	10,615,408	28,088	10,643,497	407,567
Less capital outlay	371,500	708,238	651,136	135,419	786,555	(78,317)
Total public safety, net capital outlay	\$ 8,719,592	\$ 10,342,826	\$ 9,964,272	\$ (107,331)	\$ 9,856,942	\$ 485,884

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For The Year Ended March 31, 2010**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	To Budget	Budget	Final Budget
			Basis	Basis	Basis	Favorable/ (Unfavorable)
Public works:						
Engineering:						
Personnel expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Service charges	100,000	255,000	263,664	-	263,664	(8,664)
Capital outlay	-	-	-	-	-	-
Total engineering	100,000	255,000	263,664	-	263,664	(8,664)
Streets:						
Personnel expenses	779,261	763,861	779,798	-	779,798	(15,937)
Supplies	103,000	128,500	117,236	(4,977)	112,259	16,241
Service charges	933,300	1,413,739	1,278,454	22,990	1,301,444	112,295
Capital outlay	16,000	16,000	6,004	-	6,004	9,996
Total streets	1,831,561	2,322,100	2,181,492	18,013	2,199,505	122,595
Drainage:						
Personnel expenses	448,485	436,385	427,624	-	427,624	8,761
Supplies	12,000	18,500	10,733	(4,464)	6,269	12,231
Service charges	103,000	103,600	70,524	25,530	96,054	7,546
Capital outlay	-	-	-	-	-	-
Total drainage	563,485	558,485	508,882	21,066	529,947	28,538
Parkway:						
Personnel expenses	135,213	135,213	136,614	-	136,614	(1,401)
Supplies	11,500	13,000	11,928	-	11,928	1,072
Service charges	53,500	60,925	38,705	(351)	38,354	22,571
Capital outlay	-	2,575	5,874	-	5,874	(3,299)
Total parkway	200,213	211,713	193,121	(351)	192,770	18,943
Total public works	2,695,259	3,347,298	3,147,159	38,728	3,185,886	161,412
Less capital outlay	16,000	18,575	11,878	-	11,878	6,697
Total public works, net capital outlay	<u>\$ 2,679,259</u>	<u>\$ 3,328,723</u>	<u>\$ 3,135,281</u>	<u>\$ 38,728</u>	<u>\$ 3,174,008</u>	<u>\$ 154,715</u>

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For The Year Ended March 31, 2010**

	Budgeted Amounts		Actual GAAP Basis	Adjustments To Budget Basis	Actual Budget Basis	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final				
Cemetery:						
Personnel expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Service charges	60,200	60,200	61,490	612	62,102	(1,902)
Capital outlay	-	-	-	-	-	-
Total cemetery	60,200	60,200	61,490	612	62,102	(1,902)
Less capital outlay	-	-	-	-	-	-
Total cemetery, net capital outlay	60,200	60,200	61,490	612	62,102	(1,902)
Total expenditures	<u>\$ 14,157,574</u>	<u>\$ 17,352,220</u>	<u>\$ 17,459,422</u>	<u>\$ (256,010)</u>	<u>\$ 17,203,411</u>	<u>\$ 148,809</u>



**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE PROTECTION FUND**  
**For The Year Ended March 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues:						
Taxes						
Ad valorem	\$ 1,694,800	\$ 1,694,800	\$ 1,710,949	\$ -	\$ 1,710,949	\$ 16,149
Intergovernmental						
Fire insurance tax	90,000	90,000	92,111	-	92,111	2,111
Federal grant	-	-	-	-	-	-
Miscellaneous						
Interest on invested funds	-	-	396	-	396	396
Other	1,000	1,000	-	-	-	(1,000)
Total revenues	1,785,800	1,785,800	1,803,456	-	1,803,456	17,656
Expenditures:						
Public safety						
Personnel expenses	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Service charges	1,588,012	1,588,012	1,709,081	-	1,709,081	(121,069)
Capital outlay	665,000	665,000	645,441	-	645,441	19,559
Total expenditures	2,253,012	2,253,012	2,354,522	-	2,354,522	(101,510)
Other financing sources (uses):						
Operating transfers in (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	(467,212)	(467,212)	(551,066)	-	(551,066)	(83,854)
Fund balance - beginning of the year	1,567,282	1,567,282	1,567,282	-	1,567,282	-
Fund balance - end of the year	\$ 1,100,070	\$ 1,100,070	\$ 1,016,216	\$ -	\$ 1,016,216	\$ (83,854)

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**RIVERBOAT CASINO FUND**  
**For The Year Ended March 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues:						
Intergovernmental						
Riverboat casino revenues	\$ 2,500,000	\$ 2,500,000	\$ 2,441,262	\$ -	\$ 2,441,262	\$ (58,738)
Miscellaneous						
Interest on invested funds	25,000	25,000	1,638	-	1,638	(23,362)
Other	-	-	-	-	-	-
Total revenues	2,525,000	2,525,000	2,442,900	-	2,442,900	(82,100)
Other financing sources (uses):						
Operating transfers in (out):	(2,940,000)	(2,790,000)	(2,835,000)	-	(2,835,000)	(45,000)
Total other financing sources (uses)	(2,940,000)	(2,790,000)	(2,835,000)	-	(2,835,000)	(45,000)
Excess (deficiency) of revenues over expenditures and other sources (uses)	(415,000)	(265,000)	(392,100)	-	(392,100)	(127,100)
Fund balance - beginning of the year	987,856	987,856	987,856	-	987,856	-
Fund balance - end of the year	\$ 572,856	\$ 722,856	\$ 595,756	\$ -	\$ 595,756	\$ (127,100)

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
**For The Year Ended March 31, 2010**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	To Budget	Budget	Final Budget
			Basis	Basis	Basis	Favorable
						(Unfavorable)
<b>Revenues:</b>						
Taxes						
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental						
Jefferson Parish Council	-	-	-	-	-	-
Parish road tax	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Federal grant	-	495,000	421,336	-	421,336	(73,664)
State grant	-	1,203,941	1,203,941	-	1,203,941	-
Demolition fees	-	-	-	-	-	-
Donations	-	13,500	13,500	-	13,500	-
Other grants	-	-	-	-	-	-
Miscellaneous						
Interest on invested funds	-	-	4,933	-	4,933	4,933
Other	-	-	604	-	604	604
<b>Total revenues</b>	-	1,712,441	1,644,314	-	1,644,314	(68,127)
<b>Expenditures:</b>						
Public works	2,761,533	1,106,597	1,733,019	(613,487)	1,119,532	(12,935)
Capital outlay	3,707,998	4,273,892	3,156,349	627,453	3,783,802	490,090
<b>Total expenditures</b>	6,469,531	5,380,489	4,889,368	13,966	4,903,334	477,155
<b>Other financing sources (uses):</b>						
Operating transfers in	2,200,000	2,245,000	2,245,000	-	2,245,000	-
Operating transfers out	-	(488,208)	(488,208)	-	(488,208)	-
Sale of Assets	-	665,000	665,000	-	665,000	-
Proceeds of 2009B Bonds	-	4,569,192	4,569,192	-	4,569,192	-
Proceeds from loans	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	2,200,000	6,990,984	6,990,984	-	6,990,984	-
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	(4,269,531)	3,322,936	3,745,930	(13,966)	3,731,964	409,028
<b>Fund balance - beginning of the year</b>	5,768,572	5,768,572	5,768,572	(735,327)	5,033,245	(735,327)
<b>Prior period adjustment</b>	-	-	-	-	-	-
<b>Fund balance - end of the year</b>	<u>\$ 1,499,041</u>	<u>\$ 9,091,509</u>	<u>\$ 9,514,502</u>	<u>\$ (749,293)</u>	<u>\$ 8,765,209</u>	<u>\$ (326,300)</u>

**CITY OF GRETN, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SALES TAX FUND**  
**For The Year Ended March 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues:						
Taxes						
Sales tax	\$ 795,600	\$ 795,600	\$ 796,122	\$ -	\$ 796,122	\$ 522
Miscellaneous						
Interest on invested funds	20,300	20,300	288	-	288	(20,012)
Other	-	-	-	-	-	-
Total revenues	815,900	815,900	796,410	-	796,410	(19,490)
Expenditures:						
Debt service						
Principal retirement	450,000	450,000	450,000	-	450,000	-
Interest and fiscal charges	350,403	422,314	425,369	-	425,369	(3,055)
Total expenditures	800,403	872,314	875,369	-	875,369	(3,055)
Other financing sources (uses):						
Transfers in (out)	-	-	-	-	-	-
Proceeds of 2009B Bonds	-	539,776	539,776	-	539,776	-
Proceeds from loans	-	-	-	-	-	-
Total other financing sources (uses)	-	539,776	539,776	-	539,776	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	15,497	483,362	460,817	-	460,817	(22,545)
Fund balance - beginning of the year	1,101,499	1,101,499	1,101,499	-	1,101,499	-
Fund balance - end of the year	\$ 1,116,996	\$ 1,584,861	\$ 1,562,316	\$ -	\$ 1,562,316	\$ (22,545)

## **OTHER SUPPLEMENTAL INFORMATION**

**CITY OF GREYNA, LOUISIANA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**March 31, 2010**

	Special Revenue										Total
	Garbage Fund	Parks & Recreation Fund	Social Services For The Aged Fund	Street Lights Fund	Tourism Fund	Ambulance Fund	Home Incarceration Fund	Court Security Fund	Court Security 2nd Fund	Nonmajor Governmental Funds	
<b>ASSETS</b>											
Cash and cash equivalents	-	-	\$ 72,590	\$ 103,983	\$ 174,819	\$ 236,687	\$ 143,290	\$ 14,247	\$ 49,722	\$ 795,338	
Investments	-	-	-	-	-	-	-	-	-	-	
Receivables, net	121,879	70,107	8,598	54,193	-	124,220	-	-	-	378,997	
Due from other funds	172,052	25,025	26,461	484,946	5,750	240,115	2,667	40,213	-	997,229	
Receivable from other governments	-	-	-	-	25,497	-	117,543	176,144	70,860	390,044	
Total assets	<u>293,931</u>	<u>95,132</u>	<u>107,649</u>	<u>643,122</u>	<u>206,066</u>	<u>601,022</u>	<u>263,500</u>	<u>230,604</u>	<u>120,582</u>	<u>2,561,608</u>	
<b>LIABILITIES</b>											
Accounts payable	181,232	5,648	2,323	-	-	7,773	234	-	-	197,210	
Due to other funds	10,895	59,673	-	-	14,057	-	103,130	103,789	58,927	350,471	
Total liabilities	<u>192,127</u>	<u>65,321</u>	<u>2,323</u>	<u>-</u>	<u>14,057</u>	<u>7,773</u>	<u>103,364</u>	<u>103,789</u>	<u>58,927</u>	<u>547,681</u>	
<b>FUND BALANCES</b>											
Reserved for encumbrances	-	8,702	274	54	62	149,256	-	1,222	-	159,570	
Reserved for prior year encumbrances	-	-	-	-	-	-	-	-	-	-	
Reserved for prepaid expenses	-	-	-	-	-	-	-	-	-	-	
Reserved for subsequent year expenditures	-	-	-	-	-	-	-	-	-	-	
Reserved for capital expenditures	-	-	-	-	-	-	-	-	-	-	
Unreserved, undesignated	101,804	21,109	105,052	643,068	191,947	443,993	160,136	125,593	61,655	1,854,357	
Total Fund Balance	<u>101,804</u>	<u>29,811</u>	<u>105,326</u>	<u>643,122</u>	<u>192,009</u>	<u>593,249</u>	<u>160,136</u>	<u>126,815</u>	<u>61,655</u>	<u>2,013,927</u>	
Total liabilities and fund balances	<u>\$ 293,931</u>	<u>\$ 95,132</u>	<u>\$ 107,649</u>	<u>\$ 643,122</u>	<u>\$ 206,066</u>	<u>\$ 601,022</u>	<u>\$ 263,500</u>	<u>\$ 230,604</u>	<u>\$ 120,582</u>	<u>\$ 2,561,608</u>	

See auditors' report.

**CITY OF GRETN, LOUISIANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended March 31, 2010**

	Special Revenue										Total Nonmajor Governmental Funds
	Garbage Fund	Parks & Recreation Fund	Social Services For The Aged Fund	Street Lights Fund	Tourism Fund	Ambulance Fund	Home Incarceration Fund	Court Security Fund	Court Security 2nd Fund		
<b>Revenues:</b>											
Taxes											
Ad valorem	\$ -	\$ 464,149	\$ 55,699	\$ 363,363	\$ -	\$ 769,162	\$ -	\$ -	\$ -	\$ -	\$ 1,652,373
Sales	-	-	-	-	20,934	-	-	-	-	-	20,934
Intergovernmental	-	-	-	-	81,000	-	752,327	1,020,285	273,215	-	2,126,827
Charges for services	1,387,430	21,625	2,735	-	-	278,600	-	-	-	-	1,690,390
Investment income	-	-	-	-	739	-	-	-	-	-	739
Miscellaneous	350	392	-	-	1,843	-	1,931	-	35,772	-	40,288
<b>Total revenues</b>	<b>1,387,780</b>	<b>486,166</b>	<b>58,434</b>	<b>363,363</b>	<b>104,516</b>	<b>1,047,762</b>	<b>754,258</b>	<b>1,020,285</b>	<b>308,987</b>		<b>5,531,551</b>
<b>Expenditures:</b>											
<b>Current:</b>											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	920,581	662,243	933,039	269,725	-	2,785,588
Public works	1,395,522	-	-	289,854	-	-	-	-	-	-	1,685,376
Culture and recreation	-	682,963	78,948	-	151,455	-	-	-	-	-	913,366
Capital outlay	-	22,475	-	63,247	1,391	86,458	76,211	20,783	-	-	270,565
<b>Total expenditures</b>	<b>1,395,522</b>	<b>705,438</b>	<b>78,948</b>	<b>353,101</b>	<b>152,846</b>	<b>1,007,039</b>	<b>738,454</b>	<b>953,822</b>	<b>269,725</b>		<b>5,654,895</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(7,742)</b>	<b>(219,272)</b>	<b>(20,514)</b>	<b>10,262</b>	<b>(48,330)</b>	<b>40,723</b>	<b>15,804</b>	<b>66,463</b>	<b>39,262</b>		<b>(123,344)</b>
<b>Other financing sources (uses):</b>											
Operating transfers in (out)	-	-	-	340,000	25,000	-	-	(62,000)	-	-	303,000
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,000</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>(62,000)</b>	<b>-</b>		<b>303,000</b>
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	<b>(7,742)</b>	<b>(219,272)</b>	<b>(20,514)</b>	<b>350,262</b>	<b>(23,330)</b>	<b>40,723</b>	<b>15,804</b>	<b>4,463</b>	<b>39,262</b>		<b>179,656</b>
<b>Fund balances - beginning of the year</b>	<b>109,546</b>	<b>249,083</b>	<b>125,840</b>	<b>292,860</b>	<b>215,339</b>	<b>552,526</b>	<b>144,332</b>	<b>122,352</b>	<b>22,393</b>		<b>1,834,271</b>
<b>Fund balances - end of the year</b>	<b>\$ 101,804</b>	<b>\$ 29,811</b>	<b>\$ 105,326</b>	<b>\$ 643,122</b>	<b>\$ 192,009</b>	<b>\$ 593,249</b>	<b>\$ 160,136</b>	<b>\$ 126,815</b>	<b>\$ 61,655</b>		<b>\$ 2,013,927</b>

## **SCHEDULE OF COMPENSATION OF ELECTED OFFICIALS**



**CITY OF GRETN, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO**  
**CITY COUNCIL**  
**For The Year Ended March 31, 2010**

<u>COUNCILMAN</u>	<u>SALARY</u>
Wayne A. Rau	\$ 17,000
Belinda Constant	\$ 17,000
Vincent E. Cox III	\$ 17,000
Jonathan C. Bolar	\$ 17,000
Raylyn Beevers	\$ 17,000

**CITY OF GRETNA**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**YEAR ENDED MARCH 31, 2010**

DESCRIPTION	CFDA NUMBER	GRANT NUMBER	TOTAL GRANT AWARD	TOTAL EXPENDITURES
<b>DEPARTMENT OF JUSTICE</b>				
COPS Hiring Recovery Program	16.710	2009RKWX0383	\$ 692,872	\$ 85,264
Victim Assistance Program	16.575	C08-7-020	17,208	21,510
Victim Assistance Program	16.575	C09-7-016	20,000	20,193
FY 2009 Recovery Act Assistance Grant Program	16.804	2009-5B-B9-18620	78,778	53,290
Criminal Justice Thechnology Upgrades	16.803	B82-8-040	169,238	90,013
FY 2009 Justice Assistance Program	16.738	2009-DJ-BX-0786	19,143	-
Child Advocacy Program	16.575	C08-7-019	31,374	39,218
Child Advocacy Program	16.575	C09-7-015	36,000	22,707
Multi Jurisdictional Task Force	16.738	B09-7-005	86,000	86,661
2007 Justice Assistance Grant	16.738	2007-DJ-BX-1126	18,864	4,835
Bullet Proof Vest	16.607			7,401
<b>TOTAL DEPARTMENT OF JUSTICE</b>			<b>1,169,477</b>	<b>431,092</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE AND THE NRCS</b>				
NRCS - Emergency Watershed Protection Program	10.923	68-7217-09021	495,000	470,786
<b>ENVIROMENTAL PROTECTION AGENCY PASSED THROUGH LOUISIANA DEPT OF ENVIROMENTAL QUALITY "DEQ"</b>				
Municipal Facilities Revolving Loan Fund ("State Revolving Fund") Capitalization Grant for Clean Water	66.458	CS22-1495-01	-	121,681
<b>TOTAL</b>			<b>\$ 1,664,477</b>	<b>\$ 901,878</b>

The accompanying notes are an integral part of this statement.

**CITY OF GRETN, LOUISIANA**  
**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**MARCH 31, 2010**

**NOTE A - FISCAL PERIOD AUDITED**

Single audit testing procedures were performed for program transactions occurring during the year ended March 31, 2010. Federal financial assistance received during the year did meet the criteria set forth in the Single Audit Act and OMB Circular A-133. Grant terms are indicated in the Schedule of Federal Financial Assistance.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Presentation**

The accompanying Schedule of Federal Financial Assistance has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City has met the qualifications for the respective grants. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

**OTHER INDEPENDENT AUDITOR'S REPORTS  
AND FINDINGS AND RECOMMENDATIONS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

# *Camnetar & Co., CPAs*

a professional accounting corporation

2550 Belle Chasse Highway, Suite 170, Gretna, LA 70053

504.362.2544

(Fax) 504.362.2663

Edward L. Camnetar, Jr., CPA

E. Faye Harris, CPA, MST

Orfelinda G. Richard, CPA

Members: American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Honorable Mayor and Members of the City Council  
City of Gretna, Louisiana**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gretna, Louisiana (the City) as of and for the year ended March 31, 2010, which collectively comprise the City of Gretna, Louisiana's basic financial statements and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the combination of the significant deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, 2010-3, 2010-4, 2010-5.

## ***Camnetar & Co., CPAs***

a professional accounting corporation

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies, (2010-3, 2010-4, 2010-5).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-1, 2010-2.

We noted certain matters that we have reported to management of the City of Gretna, Louisiana in a separate letter dated January 27, 2011.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, Members of the City Council, others within the entity, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Camnetar & Co.*

***Camnetar & Co., CPAs***  
a professional accounting corporation

Gretna, Louisiana  
January 27, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR 1-133**



**Camnetar & Co., CPAs**  
a professional accounting corporation  
2550 Belle Chasse Highway, Suite 170, Gretna, LA 70053  
504.362.2544 (Fax) 504.362.2663

Edward L. Camnetar, Jr., CPA  
E. Faye Harris, CPA, MST  
Orfelinda G. Richard, CPA

Members: American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Honorable Mayor and Members of the City Council  
City of Gretna, Louisiana**

**Compliance**

We have audited the compliance of the City of Gretna, Louisiana (the City) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2010.

**Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

## *Camnetar & Co., CPAs*

a professional accounting corporation

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Members of the City Council, others within the entity, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Camnetar & Co.*

*Camnetar & Co., CPAs*

a professional accounting corporation

Gretna, Louisiana

January 27, 2011

## **FINDINGS AND RECOMMENDATIONS**

**CITY OF GRETN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

We have audited the general purpose financial statements of the City of Gretn, Louisiana as of and for the year ended March 31, 2010, and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OMB Circular A133. Our audit of the financial statements as of March 31, 2010 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements.**

**Internal Control**

Material Weaknesses ☒ Yes ☐ No      Significant Deficiencies ☒ Yes ☐ No

**Compliance**

Compliance Material to Financial Statements ☒ Yes ☐ No

**b. Federal Awards**

**Internal Control**

Material Weaknesses ☐ Yes ☒ No      Significant Deficiencies ☐ Yes ☒ No

Type of Opinion On Compliance  
For Major Programs

Unqualified ☒  
Disclaimer ☐

Qualified ☐  
Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☒ No

**c. Identification of Major Programs:**      US Department of Agriculture NRCS  
Emergency Watershed Protection Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? ☐ Yes ☒ No

**CITY OF GRETN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED MARCH 31, 2010**

**Section II Financial Statement Findings**

**A – Issues of Noncompliance**

**Finding 2010-1 - Budgetary Authority and Control** –. The City of Gretna, Louisiana is required under Louisiana Revised Statute 39:1310 to monitor the results of its operations during the fiscal year in relation to its legally adopted budget and advise the governing authority of the City when total expenditures and other uses plus projected expenditures and other uses exceed total budgeted expenditures and other uses by five percent or more or when total revenues and other sources plus projected revenues and other sources fail to meet total budgeted revenue and other sources by five percent or more.

Expenditures in the following funds' expenditures exceeded budget by greater than 5%:

Ambulance Fund:	5.6%
Court Security Fund:	13%
Court Security 2 <sup>nd</sup> Fund:	8.7%

The following funds' actual revenues were under budget by greater than 5%:

Tourism Fund:	24%
---------------	-----

**Management's Response:**

The Administration agrees with the audit finding. The budget for FY 2009-2010 was prepared in March 2009. Thereafter, in June 2009, a new Finance Director was hired and was tasked to be responsible for 16 funds with a minimum amount of training. Additionally, a previously scheduled computer conversion from an outdated 1986 Accounting and Operations software program to a complex modern program was implemented. With the challenges presented by this conversion and a learning curve on city operations, attention was directed to the general fund and other non-major funds had minimum monitoring due to time constraints. The general fund and all of the major funds are in line with budget.

As of this date, the Department of Finance is currently reviewing and monitoring all 16 city funds. With the implementation of a new policy, department heads are provided monthly budget reports and will be held accountable for monitoring their respective budgets.

It should be noted that the computer conversion is not complete as of this date. All modules, with the exception of court management, have been programmed. However, the system is being refined and unforeseen computer inconsistencies have been experienced. Time and experience by personnel and programmers will ultimately result in a smoother process of financial transactions and reporting.

**CITY OF GRETNA, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED MARCH 31, 2010**

**Section II Financial Statement Findings (Continued)**

**A – Issues of Noncompliance (Continued)**

**Finding 2010-2 – Late Audit Report** – Under Louisiana Revised Statute 24:513, City of Gretna, Louisiana is required to submit audited financial statements to the Legislative Auditors' office within six months of the City's fiscal year end. The City did not meet this obligation.

**Management's Response:**

The Administration agrees the audit deadline was not met. A City Council action and subsequent legal interpretation led to a two month delay for the beginning of the audit field work. Additionally, the Finance Department was still implementing the computer conversion which caused a delay in the financial statements being automated. Due to these unavoidable delays, the City of Gretna recognized the time delay, requested, and was granted an extension from the Legislative Auditor until January 30, 2011.

**B – Significant Deficiencies**

We consider the combination of the deficiencies, 2010-3, 2010-4, and 2010-5 described in the following paragraphs to be a material weakness.

**Finding 2010-3 – Bank Reconciliations** – Bank reconciliations of the City's major operating account were not performed on a contemporaneous basis. The bank reconciliations prepared were not in a form where balances reported by the bank could be agreed to the balances reflected in the City's accounting system.

**Management's Response:**

The Administration agrees with the audit finding. Reconciliation required computerized information which was found to be inaccurate in the programming of the computer program conversion. As of this date, all bank accounts are up to date and reconciled to the general ledger. The Finance Department has trained personnel and has implemented a policy that all bank accounts are to be reconciled by the 15<sup>th</sup> of the month following the receipt of the bank statements.

**Finding 2010-4 – Accounts Payable** – No system exists to assign a unique number to vendor invoices that are not pre-numbered. As a result, several invoices were paid in duplicate. We suggest implementation of a system to assign and log the assignment of invoice numbers to invoices not pre-numbered by vendors.

**Management's Response:**

The Administration agrees with the audit finding. Due to a turnover of experienced personnel, system procedures were not in place and duplicate payment of several invoices were made. Management believes that continued training and supervising of new employees as well as the establishment of a system to assign a unique vendor number to vendor invoices that are not pre-numbered will resolve this finding.

**CITY OF GRETN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED MARCH 31, 2010**

**Section II Financial Statement Findings (Continued)**

**B – Significant Deficiencies (Continued)**

**Finding 2010-5 – Journal Entries** – At present, several individuals in the finance department are preparing and posting journal entries into the general ledger system without supervisory authority. We suggest that only supervisory level personnel with adequate accounting knowledge and training be authorized to post journal entries into the general ledger system.

**Management's Response:**

The Administration agrees that internal control can be improved in this area. As of this date, Management has implemented a new standard operating procedure which requires a senior accountant to review all supporting documentation, approve and post all journal entries prepared by others.

**Section III Federal Award Findings and Questioned Costs**

**NONE**

## **SCHEDULE OF PRIOR YEAR FINDINGS**



**CITY OF GRETN, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED MARCH 31, 2010**

**SECTION I    INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

**Finding 2009-1 - Budgetary Authority and Control** – Noncompliance LA Revised Statutes 39:1310. The City of Gretna is required under LRS 39:1310 to monitor the results of its operations during the fiscal year in relation to its legally adopted budget and advise the governing authority of the City when total expenditures and other uses plus projected expenditures and other uses exceed total budgeted expenditures and other uses by five percent or more or when total revenues and other sources plus projected revenues and other sources fail to meet total budgeted revenue and other sources by five percent or more. Expenditures in eight of the fifteen governmental funds exceeded projected expenditures by 5%. Revenues in one of the fifteen governmental funds failed to meet projected revenues by 5%. (Partially Resolved) Repeated in current finding 2010-1.

**SECTION II    INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL  
FUNDS**

NONE

**SECTION III   MANAGEMENT LETTER**

**2009-2 - Accounting and Financial Management** - Recommendation to consider staffing an Assistant Finance Director. (Resolved)

**2009-3 - Ad Valorem Tax Receivable** – Recommendation to review its collection policies and implement more aggressive procedures including automated noticing and consider the employment of independent collection agents to pursue delinquent tax accounts. (Resolved)

**CORRECTIVE ACTION PLAN  
FOR  
CURRENT YEAR AUDIT FINDINGS**

**CITY OF GRETN, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED MARCH 31, 2010**

**Section I - Internal Control And Compliance Material To The Financial Statement**

**2010-1 - Budgetary Authority and Control** –The budget for FY 2009-2010 was prepared in March 2009. Thereafter, in June 2009, a new Finance Director was hired and was tasked to be responsible for 16 funds with a minimum amount of training. Additionally, a previously scheduled computer conversion from an outdated 1986 Accounting and Operations software program to a complex modern program was implemented. With the challenges presented by this conversion and a learning curve on city operations, attention was directed to the general fund and other non-major funds had minimum monitoring due to time constraints. The general fund and all of the major funds are in line with budget.

As of this date, the Department of Finance is currently reviewing and monitoring all 16 city funds. With the implementation of a new policy, department heads are provided monthly budget reports and will be held accountable for monitoring their respective budgets.

It should be noted that the computer conversion is not complete as of this date. All modules, with the exception of court management, have been programmed. However, the system is being refined and unforeseen computer inconsistencies have been experienced. Time and experience by personnel and programmers will ultimately result in a smoother process of financial transactions and reporting.

**2010-2 – Late Audit Report** – A City Council action and subsequent legal interpretation led to a two month delay for the beginning of the audit field work. Additionally, the Finance Department was still implementing the computer conversion which caused a delay in the financial statements being automated. Due to these unavoidable delays, the City of Gretna recognized the time delay, requested, and was granted an extension from the Legislative Auditor until January 30, 2011.

**2010-3 – Bank Reconciliations** – Reconciliation required computerized information which was found to be inaccurate in the programming of the computer program conversion. As of this date, all bank accounts are up to date and reconciled to the general ledger. The Finance Department has trained personnel and has implemented a policy that all bank accounts are to be reconciled by the 15<sup>th</sup> of the month following the receipt of the bank statements.

**2010-4 – Accounts Payable** – Due to a turnover of experienced personnel, system procedures were not in place and duplicate payment of several invoices were made. Management believes that continued training and supervising of new employees as well as the establishment of a system to assign a unique vendor number to vendor invoices that are not pre-numbered will resolve this finding.

**2010-5 – Journal Entries** – As of this date, Management has implemented a new standard operating procedure which requires a senior accountant to review all supporting documentation, approves and posts all journal entries prepared by others.

**CITY OF GRETNA, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN (Continued)  
FOR THE YEAR ENDED MARCH 31, 2010**

**Section II - Internal Control And Compliance Material To Federal Awards**

**NONE**

**Section III - Management Letter**

**2010-6 - Periodic Review of Accounting Information** – There appears to be no analytical review of balance sheet accounts during the year. As a result, accounting errors that occur are not detected and corrected in a timely manner. We suggest a monthly program be adopted to include agreement of bank reconciliations and other detailed reports and schedules to the general ledger system.

**Management's Response:**

Management has been reviewing and analyzing revenue and expenditures in all major funds. The computer conversion caused delays in being able to timely perform analytical review of the balance sheets in all funds. As of this date, budgets, bank reconciliations, and all balance sheet accounts are being reviewed against supporting documentation and reconciled to the general ledger.

**2010-7 - Utility Billing and Collection** – There are no written policies as to the handling or monitoring of past due accounts nor a formal approval process regarding payment plans.

We suggest the adoption of a written policy regarding handling of past due utility accounts to include methods of approval inside and outside of the utility collection department and a system of monitoring accounts on which payment terms have been agreed to.

**Management's Response:**

The administration agrees that written policies regarding handling of past due utility accounts will be developed. The City has contracted a commercial collection agency and the collection of past accounts has generated results.

**CITY OF GRETN, LOUISIANA**  
**MANAGEMENT ADVISORY COMMENTS**  
**MARCH 31, 2010**

*Camnetar & Co., CPAs*  
a professional accounting corporation

*Camnetar & Co., CPAs*  
a professional accounting corporation  
2550 Belle Chasse Highway, Suite 170, Gretna, LA 70053  
504.362.2544 (Fax) 504.362.2663

Edward L. Camnetar, Jr., CPA  
E. Faye Harris, CPA, MST  
Orfelinda G. Richard, CPA

Members: American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

**Honorable Mayor and Members of the City Council  
City of Gretna, Louisiana**

As part of our examination of the financial statements of the City of Gretna, Louisiana, for the year ended March 31, 2010, we reviewed the system of internal control, administrative procedures, and financial procedures of the City. Our review did not include a detailed examination of all transactions, such as would be necessary to disclose any defalcations or irregularities that may have occurred. However, our engagement did include such tests of the City's system and procedures to the extent we considered necessary to make an evaluation as required by generally accepted auditing standards and the Louisiana Municipal Audit and Accounting Guide.

As a result of our review, we noted certain areas in the City's system and procedures where we believe improvements could be made. This memorandum summarizes our comments and suggestions, see attachment titled Management Advisory Comments and Suggestions. The accompanying advisory comments reflect observations made during the course of this year's audit, as well as observations made in prior years. These observations are not intended as an evaluation of the performance of any of the City's personnel.

We will be pleased to discuss them with you and provide assistance in their implementation.

We would like at this time to take the opportunity to extend our thanks for the assistance given us during the course of our examination to Mayor Harris and Ms. Craig as well as their staff.

We would be glad to review these findings with any member of the City's administration or governing body should further discussion be deemed necessary.

*Camnetar & Co.*

*Camnetar & Co. CPAs*  
a professional accounting corporation

Gretna, Louisiana  
January 27, 2011

**CITY OF GRETN, LOUISIANA**  
**MANAGEMENT ADVISORY COMMENTS AND SUGGESTIONS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

**2010-6 - Periodic Review of Accounting Information** – There appears to be no analytical review of balance sheet accounts during the year. As a result, accounting errors that occur are not detected and corrected in a timely manner. We suggest a monthly program be adopted to include agreement of bank reconciliations and other detailed reports and schedules to the general ledger system.

**2010-7 - Utility Billing and Collection** – There are no written policies as to the handling or monitoring of past due accounts nor a formal approval process regarding payment plans.

We suggest the adoption of a written policy regarding handling of past due utility accounts to include methods of approval inside and outside of the utility collection department and a system of monitoring accounts on which payment terms have been agreed to.



RONNIE C. HARRIS  
MAYOR  
WAYNE A. RAU  
COUNCILMAN AT LARGE  
MAYOR PRO-TEM

# CITY OF GRETNA

P.O. BOX 404  
GRETNA, LOUISIANA 70054-0404

PHONE: (504) 363-1500  
FAX: (504) 363-1509

[www.gretnala.com](http://www.gretnala.com)

January 27, 2011

CITY COUNCIL  
MILTON L. CROSBY  
DISTRICT ONE  
BELINDA CAMBRE CONSTANT  
DISTRICT TWO  
VINCENT E. COX, III  
DISTRICT THREE  
RAYLYN REINE BEEVERS  
DISTRICT FOUR

Mr. Daryl G. Purpera, CPA,  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera,

The following outlines the action to be taken by the City of Gretna regarding the management advisory comments to you by our auditor, Camnetar & Co., CPA's, in their report dated January 27, 2011.

## **2010-1 Budgetary Authority and Control**

The Administration agrees with the audit finding. The budget for FY 2009-2010 was prepared in March 2009. Thereafter, in June 2009, a new Finance Director was hired and was tasked to be responsible for 16 funds with a minimum amount of training. Additionally, a previously scheduled computer conversion from an outdated 1986 Accounting and Operations software program to a complex modern program was implemented. With the challenges presented by this conversion and a learning curve on city operations, attention was directed to the General Fund and other non-major funds had minimum monitoring due to time constraints. The General fund and all of the major funds are in line with budget.

As of this date, the Department of Finance is currently reviewing and monitoring all 16 city funds. With the implementation of a new policy, Department Heads are provided monthly budget reports and will be held accountable for monitoring their respective budgets.

It should be noted that the computer conversion is not complete as of this date. All modules, with the exception of Court Management, have been programmed however, the system is being refined and unforeseen computer inconsistencies have been experienced. Time and experience by personnel and programmers will ultimately result in a smoother process of financial transactions and reporting.

## **2010-2 Late Audit Report**

The Administration agrees that the audit deadline was not met. A City Council action and subsequent legal interpretation resulted in a two month delay for the beginning of the field work. Additionally, the Finance Department was still implementing the computer conversion which caused a delay in the financial statements being automated. Due to these unavoidable delays, The City of Gretna recognized the time delay, requested and was granted an extension from the Legislative Auditor until January 30, 2011.



**2010-3 Bank Reconciliations**

The Administration agrees with the audit finding. Reconciliation required computerized information which was found to be inaccurate in the programming of the computer program conversion.

As of this date, all bank accounts are up to date and reconciled to the General Ledger. The Finance Department has trained personnel and has implemented a policy that all bank accounts are to be reconciled by the 15<sup>th</sup> of the month following the receipt of statements.

**2010-4 Accounts Payable**

Due to a turnover of experienced personnel, system procedures were not in place and duplicate payment of several invoices were made. Management believes that continued training and supervising of new employees as well as the establishment of a system to assign a unique vendor number to vendor invoices that are not pre-numbered will resolve this finding.

**2010-5 Journal Entries**

The Administration realizes that internal control can be improved in this area. As of this date, Management has implemented a new standard operating procedure which requires a senior accountant to review all supporting documentation, approves and posts all journal entries prepared by others.

**2010-6 Periodic Review of Accounting Information**

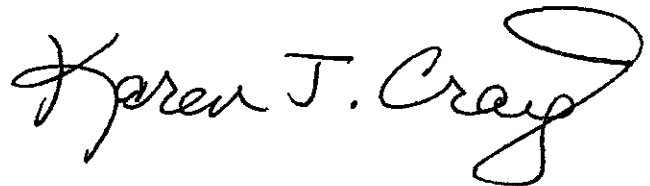
Management has been reviewing and analyzing revenue and expenditures in all major funds. The computer conversion caused delays in being able to timely perform analytical review of the balance sheets in all funds.

As of this date, budgets, bank reconciliations, and all balance sheet accounts are being reviewed against supporting documentation and reconciled to the General Ledger.

**2010-7 Utility Billing and Collection**

The Administration agrees that written policies regarding handling of past due utility accounts will be developed.

The City has contracted a commercial collection agency and the collection of past accounts has generated results.

A handwritten signature in black ink, reading "Karen J. Craig". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Karen J. Craig, CPA  
Director of Finance